

Who Paid the Bill? Germany and American Fiscal Responsibilities in the Revival of Germany
after World War II

By

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Abstract

The objective of the dissertation was to prove that after World War II, between May 1945, and the statehood of the Federal Republic of Germany in September 1949

1. The Germans in the three western occupation zones of the United States, Great Britain, and France could not have survived mass starvation without the food aid provided by the Allied military forces and the United States starting in late 1945.
2. The contributions the western Allies levied from the people of their respective occupation zones in form of occupation costs, reparations, restitutions, and confiscations by far surpassed all Allied food aid, as well as the financial aid provided by the United States through the European Recovery Program, better known as the Marshall Plan.
3. The German economy would have survived/restarted without Marshall Plan aid. However, it would have taken much more time to catch up with the other European economies.

Looking at the pure occupation costs levied in the three western occupation zones, these costs surpassed all Allied aid by far. Occupation costs of \$5,944 billion face Allied aid figures from \$2,691 billion to \$3,277 billion, a rough ratio of 2:1. Computed with the lowest amount of reparations of \$4.44 billion, shifts the ratio of occupation costs/reparations to Allied aid to 3.5:1, a surprising and not anticipated result of the study.

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Dedication

For my deceased mother living through the tumultuous postwar years with a husband in Russian captivity and raising five little children coming to school age during the time.

The never flagging support of my wife Lee, together with the constant encouragement of our Stuttgart friend Suse Pfeiffer guaranteed that the work was finished.

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List of Abbreviations

ACC	Allied Control Council
CAD	Civil Affairs Division
CARE	Cooperative for American Remittances to Europe
CATS	Civil Affairs Training School
COSSAC	Chief of Staff to the Supreme Allied Commander
CRALOG	Council of Relief Agencies Licensed to Operate in Germany
DM	Deutsche Mark
DP	Displaced Person
EAC	European Advisory Commission
ECA	Economic Cooperation Administration
ERP	European Recovery Program
ETO	European Theater of Operation
ETOUSA	European Theater of Operation, United States Army
FEA	Foreign Economic Administration (USA)
GARIOA	Government Aid and Relief in Occupied Areas
GB	Great Britain
ICRC	International Committee of the Red Cross
IRC	International Red Cross
IRO	International Refugee Organization
JCS	Joint Chiefs of Staff
JEIA	Joint Export Import Agency
LICROSS	League of the Red Cross Societies
LSO	Liaison and Security Detachment
NSDAP	<i>Nationalsozialistische Deutsche Arbeiter Partei</i>
OMGUS	Office of Military Government United States in Germany
OVERLORD	Codename for the Allied cross-Channel Operation of June 1944
POL	Petroleum, Oil, Lubricants
PX	Post Exchange
RM	Reichsmark
SHAEF	Supreme Headquarter Allied Expeditionary Forces

UK	United Kingdom
USAREUR	United States Army Europe
USCC	U.S. Commercial Company
USFET	United States Forces European Theater
USGCC	United States Group Control Council
USSR	Union of Socialist Soviet Republics
WASP	White Anglo Saxon Protestant

Who paid the bill? German and American fiscal responsibilities in the revival of Germany after World War II

Chapter 1: Occupants and occupied

1.1. Introduction

Defeated and occupied in 1945, partitioned in four zones with tight borders restricting movement, ruled by four different Military Governments that rarely reached required consensus on critical governing issues, with only torsos of indigenous governments at the local level and no central government, the fate of the German people did not look promising. Who could and would pay to feed the homeless masses of bombed-out people, of refugees from the east, of expellees from southeastern European countries and millions of displaced persons? Who could satisfy the demands of the million foreign soldiers on German soil? How to rebuild the devastated cities, the destroyed infrastructure with an economy at a standstill and with the prospects of becoming an agrarian country with an industry heavily curtailed and reduced to a prewar level determined by the occupying powers?

Today, migrants and refugees from African and Near Eastern countries, as well as from the Balkans, inundate the countries of Europe in numbers never experienced since the end of World War II. More than 413,000 refugees arrived in Germany during the first eight months of 2015. The government calculated up to 800,000 refugees for the year. Today's refugees enter Germany, a stable democracy for more than sixty years and the leading economic power of the European Union. The governments at the federal, state, city and county levels are able to pay the expenses to support the refugees. They are able to provide sufficient food, shelter and healthcare for these people during their application process for political asylum. In 1945, the situation for the millions of refugees, evacuees, expellees, and displaced persons, as well as for the residents cannot be compared with the situation on the ground in 2015.

Growing up in a country devastated by war fighting and with a shattered economy was not easy. However, it was fascinating as long as one of us kids between the age of four and seven years could overcome the feeling of hunger that was a permanent companion during these years. It was fascinating growing up with lots of freedom – no father around, limited school attendance in classes with up to 80 students because of the lack of teachers and lack of heating fuel. War material, left behind by retreating German units, weapons and live ammunition were exciting toys to play with while disobeying maternal orders not to do so. It was exciting for us kids to play with hand grenades, building cannons from empty cartridges, or causing a locomotive to stop in the train station by putting signal ammunition on the tracks designed to warn the engineers.

It was exciting to cross the street and visit the U.S. Army unit residing there at the little airfield. We did not know anything about the U.S. non-fraternization policy. The soldiers we visited ignored the policy. They enjoyed playing with us kids. Every time we visited the soldiers we got some candy, chocolate, chewing gum, and sometimes food, for we were always hungry. Our standard menu for a day contained for breakfast a cup of hot *Ersatzkaffee*¹ and two slices of bread, which we crumbled and put into the coffee mug. Breakfast became a feast if we had sugar to sweeten the *Ersatz* coffee with the crumbled bread. Nobody today can visualize the term *Schiebebrot*, a well-known concept after the war. *Schiebebrot*, translated into pushbread, was another high point of gluttony for us kids. On rare occasions the official food ration contained some slices of sausage, a kind of bologna sausage. We put a slice of the sausage on one end of a slice of bread. The sausage covered roughly a third or a quarter of the bread. While biting off a tiny piece of the sausage we bit off a larger part of the slice of bread. At the same

¹ *Ersatzkaffee* is a coffee substitute without caffeine, made from roasted chicory and grains, or sometimes from acorns.

time we pushed the rest of the sausage with the teeth forward for the next bite. It took some practice to match the size of the bread and sausage to have with the last bite of bread the last piece of sausage. A Swabian friend remembers from this time the *Kratzbrot*, translated perhaps into scratch bread or scrape bread. The concept stands for a slice of bread spread with margarine, lard, or jelly. With the back of a knife she scraped as much of the margarine, lard or jelly as possible from the slice of bread to have enough spread for a second slice of bread. For lunch mostly we had potatoes boiled in their jackets and served with a bit of salt and for dinner we got the reheated leftovers.² The Military Government in the Monthly Report No. 12 substantiated the state of the food situation. The report verified that of 81,870 Hessian children screened in 1946, seventy per cent were undernourished.³

We always looked out for edibles. No fruit tree was too high, no berry bushes too prickly to pick fruit and berries. Hazel nuts and beechnuts, wild blackberries, raspberries, and blueberries were collected when ripe to provide additional calories to the meager ration card meals only enough to prevent starvation. No wonder that food thefts and widespread crops pilferage happened on a great scale.⁴

With a handcart we went to the woods to collect dead branches and fir and pine cones for heating fuel after we got a *Leseschein*, a permit allowing the collection of fallen and dead wood in the forests surrounding our town. Many a times we took pieces of wood ready for transport hiding it under fallen branches and fir cones. Picking heads of wheat and rye after the harvest was not always fun because of the fierce competition and it became boring soon for us kids. However, after grinding it into flour and transformed into bread, it was worth all our efforts.

² Monthly Report of the Military Governor, U.S. Zone, No. 5, Food and Agriculture, 20 December 1945. On page 6 it stated the same, adding that most families were suffering from a shortage of fat for cooking and sugar.

³ Monthly Report of the Military Governor, U.S. Zone, No. 12, 20 July 1946. 17.

⁴ Monthly Report of the Military Governor, U.S. Zone, No. 13, 20 August 1946. 3.

Gleaning potatoes and grabbing turnips added variety to our menu. Eating raw turnips left in the fields was a tidbit. At home, we were allowed to clean our plates after a meal with our tongues to prevent the loss of the smallest particles of food. Sugar beet molasses from re-appropriated sugar beets sweetened our meager diet. Jumping coal trains in the dark and throwing pieces of coal to the ground and collecting the coal secured together with wood and fir cones warmed the kitchen during the hard winters of 1945 and 1946 when no coal for heating was allocated to the German people.⁵ The story of a good friend, now 90 years of age, is another example of how the people tried to survive during these years. She attended a teachers' college near the city of Stuttgart in 1946. A group of four or five young females went to a guarded coal storage yard. While one of them philandered with the guards, the others filled all their bags with coal and briquettes. When ready, they signaled the flirting female. It sometimes became difficult to disengage from the guards without raising suspicions. At the weekend our friend loaded her bicycle with bags of briquettes and rode home allowing her mother another week with heating fuel.

We did not know anything about the paragraph 5(ii) in the *Handbook for Military Government in Germany* instructing the commanders in the field of the official Washington position that “no relief supplies are to be imported or distributed for the German population... beyond the minimum necessary to prevent disease and such disorder as might endanger or impede military operations.”⁶ However, the American specialists on the ground very soon discovered that under the circumstances of defeat and the influx of countless people into the U.S. Zone, policies had to change to prevent mass mortality among the Germans. The agricultural

⁵ Monthly Report of the Military Governor, U.S. Zone, No. 2, 20 September 1945. On page 8 it states that there will be a complete lack of coal for the heating of homes of Germans this winter.

⁶ Supreme Headquarters, Allied Expeditionary Force, Office of the Chief of Staff, *Handbook for Military Government in Germany Prior to Defeat or Surrender*, Part 1, December 1944. 5(ii).

experts of the Military Government estimated that the food production from 1 November 1945 to 30 September 1946 in the U.S. Zone could provide for the normal consumer (adults above the age of eighteen years) a daily ration of only 938 calories,⁷ less than the official ration of 1,350 calories/day,⁸ and much less than the 2,000 calories/day recommended by health officials to maintain minimum health. It began to dawn on some officials in Germany and Washington that food, fertilizer, and seed imports* were essential to prevent mass starvation. These considerations affected our lives directly, made the difference between survival and starvation. Even today I can recall the taste of salty butter and of red cheddar cheese when we got it for the first time in a CARE packet.

Many years later it never came to our minds that our survival depended on the support of the victors, especially of the United States, the only power able to provide the foodstuffs Germany needed to survive. The question who could and would pay for all the support never bothered the majority of Germans, even to this day. Were the food imports considered gifts, were they loaned to Germany? How could Germany afford to pay for the imports with a non-convertible currency as well as paying billions of *Reichsmark* or *Deutsche Mark* for occupation costs?

1.2. Scope of the analysis

To answer the questions one could look at different time windows to analyze the German postwar situation regarding the payment of occupation costs and reparations, as well as receiving

⁷ Monthly Report of the Military Governor, U.S. Zone, No. 5, Food and Agriculture, 20 December 1945. 1.

⁸ Monthly Report of the Military Governor, U.S. Zone, No. 5, Health and Medical Affairs, 20 December 1945 reports on page 13 that a weight probe of German civilians in November showed a deviation from the standard weight for men of age 20-39 years of 4.1lbs, age 40-59 years of 14.7lbs, and for the age of 60 years and over of 18.6lbs. The female weight deviation was 1.1lbs for the 20-39 age group, 14lbs for the age group of 40-59 years, and of 16.3lbs for the over 60 years old.

* The relief supplies forbidden in paragraph 5(ii) above included food, fertilizer and seeds not to be distributed to the Germans.

aid for the viability of the German people and to restart the economy. Three time spans come to mind considering Germany's rebirth from the ashes of defeat.

The first time span would cover the three years from defeat to the currency reform of 20 June 1948; a second time frame would cover the time from the currency reform to the formation of the Federal Republic of Germany in September 1949. Discussing the time span up to the 1953 London Debt Agreement could be a valid third option. Which information can the addressed scenarios provide concerning the liabilities the occupied and the occupier had to bear?

The tenure of the thirty-eight months-long first scenario, the scenario this narrative focuses on, was characterized by the punitive note of the Directive of the Joint Chiefs of Staff 1067. The more conciliatory and supportive Directive of the Joint Chiefs of Staff 1779 replaced JCS 1067 in 1947, initiated by the speech of the Secretary of State J.F. Byrnes on 6 September 1946 in Stuttgart, a capital in the U.S. Occupation Zone. The inability of the Allied Control Council to treat Germany as an economic unit according to the Potsdam Protocol⁹, the establishment of the approved "Level of Industry Plan" for Germany, reparations, the repatriation of displaced persons and the influx of refugees and expellees, the creation of the U.S.-British Bi-Zone, the unexpectedly slow recovery of the German industrial production and the inability of the agriculture to produce sufficient foodstuff for the snowballing indigenous population characterized this scenario. The German authorities had to pay considerable amounts of *Reichsmark* for the services and goods the occupation forces demanded, as well as the salaries of the several hundred thousands people employed by the military governments. To keep the German population alive the United States, the only Ally with sufficient resources, had to import

⁹ Potsdam Protocol, Part B, Paragraph 14: During the period of occupation Germany shall be treated as a single economic unit. To this end common policies shall be established in regard to: (a) mining and industrial production and its allocation; (b) agriculture, forestry and fishing; (c) wages, prices and rationing; (d) import and export programs for Germany as a whole; (e) currency and banking, central taxation and customs; (f) reparation and removal of industrial war potential; (g) transportation and communications.

into the three western occupation zones hundreds of thousand tons of foodstuff. With its restricted and curtailed economy would Germany ever be able to pay for the food provided by the U.S.?

The fifteen months period of the second time span covered the time from the currency reform to the statehood of the Federal Republic of Germany. The currency reform and the Marshall Plan were the characteristics of the period, as well as the preparations for statehood. The currency reform ended a time where “a cigarette on the black market would yield more than a normal days work.”¹⁰ The bulk expropriation of all monied wealth eliminated the black economy and the prospects of Marshall Plan aid functioned like a blood transfusion stimulating the economy beyond belief.

One can identify the third scenario from the West German statehood to the London Debt Agreement as the move toward the end of the occupation regime and by the increase of U.S. forces to protect West Germany against Communist threats. The force increase caused a remarkable progression of the now-called stationing costs. The Korean War prompted the Western Allies to deal with West Germany as a future ally to prevent further Communist expansion.

The focus of this work will be the first and second scenarios, covering the time from defeat to statehood of the Federal Republic of Germany in September 1949. Because a strict limiting to the first and second scenarios would provide only a partial picture of the amounts of money allocated by the United States or Germany, some general discussion of the third scenario is warranted. During the first time span one can count and balance only the occupation costs versus the costs of food aid imported from the United States. The influx of the aid provided by

¹⁰ Werner Plumpe, “Entscheidung für den Strukturbruch: Die westdeutsche Währungsreform und ihre Folgen,” in *Die USA und Deutschland im Zeitalter des Kalten Krieges 1945-1990*, Band 1, 1945-1968, herausgegeben von Detlef Junker. (Stuttgart: Deutsche Verlagsanstalt, 2001). 460.

the European Recovery Program (ERP), commonly known as the Marshall Plan characterized the second time span. The third stage for Germany being re-accepted, at least economically in the world market ended with the London Agreement on German External Debts, also known as the London Debt Agreement of 1953. With this agreement the international creditors agreed to reduce Germany's external debts considerably, easing Germany's way back from a heap of rubble to a politically and economically flourishing state.

This third phase was also marked by the outbreak of the Korean War on June 25, 1950, that fundamentally changed the perception of the three occupation powers in the Federal Republic of Germany. Assuming that the Korean War was a proxy war of the USSR, the western powers of the United States, Great Britain, and France worried about a possible attack on Western Europe. The Allied High Commissioners, the representatives of the former military governments in West Germany, asked the Federal Republic to provide in addition to occupation costs, a financial contribution to its defense and to the defense of the countries of Western Europe within the scope of the newly founded North Atlantic Treaty Organization.

In a memorandum to Chancellor Adenauer, the head of government of the Federal Republic, Secretary of Treasury J. Schäffer stated on 29 August 1950, that of the total budget of the Federal Republic for fiscal year 1950 of 12.3 billion *Deutsche Mark* (DM), 4.5 billion DM, roughly thirty-seven percent of the total, was earmarked for occupation costs and related expenses caused by the lost war. Added financial contributions for the security and defense of the Federal Republic over and above the 4.5 billion DM probably would cause social unrest. The memorandum recommended a thorough review of all expenditures related to the occupation and advocated cutting as well as restructuring the occupation costs paid by the Germans.

The Secretary argued that with the foundation of the Federal Republic in September,

1949, the federal territory changed its status from an occupied area to that of a protectorate. The status of the occupation forces of the United States, Great Britain and France had altered to the status of forces of protecting powers.

In view of this modification, the Secretary of Treasury proposed in his memorandum *inter alia* the elimination of the Allied administration at the city, county, district, and state level, as well as a reduction in the employment of approximately 450,000 German civilians. The compensation to these employees, paid for by the Federal Republic accounted for roughly 1.3 billion DM in 1950. Furthermore, he proposed halting the dismantling of plants for reparations, reductions in Allied construction projects, no-cost communication expenses and transportation services and more. The memorandum spelled out that after meticulous examination a reduction of occupation costs by close to 2 billion DM could be attained. Under these circumstances, the Secretary of Treasury stated in his letter to Chancellor Adenauer, the Federal Republic could contribute 1 billion DM in 1950 to a common western defense.¹¹

The impression Malcolm Muir got and recorded in his confidential report of the *European Trip, 1951*, supports the request of the High Commissioners for additional financial contributions. Amazed, he reports that in 1951 West Germany's

standard of living is good—better than that of Britain... The people are well dressed and the shops are filled with good things to buy... Three hundred and fifty thousand homes were built in West Germany last year compared with fifty thousand in France, and another three hundred and fifty thousand will be built this year... One gathers the impression when travelling throughout Germany that one is witnessing the rebirth of a nation.¹²

Muir's report indicated to the Allied High Commission, that the Federal Republic could shoulder additional financial responsibility for its own defense. When does the bill finally get paid?

¹¹ Der Bundesminister der Finanzen vom 29. August 1950, HStAStuttgart. EA5/001Bü1639/1.

¹² Malcolm Muir, *European Trip 1951*. Eisenhower Library. Box 84. Folder Muir, Malcolm. 5-6.

1.3. Public awareness of occupation costs

Many books have been written about particular aspects of the process of occupation, of reparations, of demilitarization, of denazification, of democratization, and of reeducation. However, a comprehensive study of the financial burden and liabilities of divided Germany and of the occupying powers does not exist in German or American historical research.

The lack of data, especially of financial data, becomes immediately apparent when analyzing official texts taught in the German school system from the *Volksschule* to the *Gymnasium*. The newly written history books, written under the guidance of U. S. reeducation policies mention the events and developments of the occupation period only in general terms. Specific data about the costs of the occupation forces, of the costs of reparations and compensation are missing. The analysis of some German schoolbooks validates these facts. The textbook for German history, edition A, Vol. V, 1952, *Das Zeitalter der Weltkriege* provides some numerical data about the war events. However, the fate of postwar Germany is short (2 pages) and without any qualifying and quantifying data.

The textbook, *Geschichte der neuesten Zeit, von 1850 bis zur Gegenwart*, 1953, used in the upper level of *Gymnasium* in Hessen, discusses in two to three pages (182-184) topics such as the Morgenthau Plan, the Conferences of Yalta and Potsdam, and the Allied Control Council. The rift between the USSR and the three Western Allies is mentioned as the reason for not reaching an agreement on peace treaties for Germany, Austria, and Japan. No financial and economic data are presented.

The history book, *Menschen in ihrer Zeit, Vol. 6, In unserer Zeit*, covers the period from World War I to the 1960s. It was used in the upper level of the *Gymnasium*. As the cost of

World War II, it mentions besides the loss of territory, the dismantling of more than 900 plants in the western occupation zones up to the year of 1950.

A more recent history book (1979), *Geschichtliche Weltkunde*, Vol. 3, *Von der Zeit des Imperialismus bis zur Gegenwart*, refers to reparations of \$10 billion and the dismantling of plants in favor of the USSR in its occupation zone. In addition, the USSR was to receive twenty-five percent of the dismantled plants of the three western zones in exchange for food and raw materials to the other zones. Nothing is mentioned about the costs of the occupation, of the confiscation of German assets in foreign countries, of the free use of German patents and methods of production. The book fails to mention the costs of food imports as well as the Marshall Plan aid given to Germany.

In *Staatensystem und Weltpolitik* of 1984, used in junior high school, the authors mention in short the reparations for the USSR of \$10 billion plus ten to fifteen percent of all dismantled industrial plants of the western zones. However, for the first time in this research the authors write in a short paragraph about the extraordinary expenditures caused by the war for the Germans. Up to 1965, West Germany paid roughly DM 350 billions to diverse groups and agencies, with no end in sight for the near future. However, the billions of *Reichsmark* and *Deutsche Mark* West Germany had to pay for the occupation forces, for their barracks, housing, schools and recreational facilities, and for the stationing costs after sovereignty in 1955 is not mentioned at all. The book also fails to mention the U.S. support in feeding the German people, as well as the financial aid to rebuild the economy.

One can see in the publications of an officially recognized institution the attitude toward the question of occupation, reparations, and compensation by Germany. The *Bundeszentrale für Politische Bildung* posted in 2009 on its Web Site that President Roosevelt jettisoned the

Morgenthau Plan, approved by him and Prime Minister Churchill in August 1944 in Quebec, fearing damage to his reelection campaign after leaks to the press caused an extremely negative public response. The posting states further that the appropriate departments in Washington never seriously considered the plan and that Secretary of the Treasury Morgenthau's ideas had no significance in relation to the occupation of Germany.¹³ Another German Web Site mentions that Morgenthau's plan "received only temporary approval by Roosevelt based on tactical considerations."¹⁴ To find details of the Morgenthau Plan one has to look under extremism and anti-Semitism¹⁵ on the Web Site of the *Bundeszentrale für Politische Bildung*. The site gives a closer explanation of Morgenthau's project and intended purpose.

1.4. Thesis statement

This monograph invites a discussion as to how the German people engaged in rebuilding their devastated country, their government, democratic institutions, and their education system dominated and compromised by the *Nationalsozialistische Deutsche Arbeiterpartei*: how to decentralize the highly centralized *Führerstaat* under party control, how to strengthen local, as well as state power and control the political process, and how to revive basic democratic traditions and principles jettisoned since 1933. These obligations thrust on them by the Allied Powers after the defeat in May 1945 should "prepare [the German people] for the... reconstruction of German political life on a democratic basis and for eventual peaceful cooperation in international life by Germany."¹⁶

How much did this effort depend on the United States' material, personnel, financial, and ideological support? A case study of the city of Stuttgart and of Württemberg-Baden, one of the

¹³ <http://www.bpb.de/publikationen/8P2K99,0,0MorgenthauPlan.html> accessed 2009-01-15.

¹⁴ <http://www.bpb.de/internationales/amerika/usa/10605/2-weltkrieg> accessed 2013-03-02.

¹⁵ <http://www.bpb.de/extremismus/antisemitismus/37986/argumente-gegen-rechte-vorurteile?p=13> accessed 2013-02-03.

¹⁶ Protocol of the Potsdam Conference, Part II, A.3.(iv).

three states in the U.S. occupation zone, will illustrate the interactions and consequences of the Allied control with the German people in the timeframe from 8 May 1945 to the Allied-initiated German currency reform of 1948 and the subsequent Marshall Plan aid. The case study will demonstrate the financial burden both the German and the American people sustained for this venture. It also aims to verify that the contributions of the German people surpassed the aid the United States provided to support the re-emergence of Germany as an accepted member of the international community. The acceptance into the international community was keenly encouraged by Germany's willingness to take responsibility for the crimes committed during the Nazi rule.

A number of key sources provided the foundation for this analysis. Many readers are unacquainted with the Monthly Reports of the Military Governor of the U.S. Zone. These official reports cover the time of occupation under the Military Government, starting with Report No. 1 from August 1945 to Report No. 50 from August – 20 September 1949. Beginning with the statehood of West Germany on 21. Sep 1949, the Information Bulletin of the U.S. High Commissioner for Germany replaced the Monthly Reports of the Military Government until March 1953. The Monthly Reports cover the timeframe of this analysis, providing the majority of the U.S. data. The Information Bulletins of the U.S. High commissioner allocated final data in a few instances like e.g. the denazification results.

The Monthly Reports sketched the German realities on the ground from the community level up to the Allied actions or inactions at the Allied Control Council. The Monthly Reports, complemented by many special reports for specific fields of activities such as denazification or demilitarization par example, described the current state of occupied Germany, often with proposals as how to deal with and how to improve the situation on the ground. These reports are

the most accurate description of the current situation on site not filtered through too many layers of bureaucracy. However, there are also inconsistencies in the reports. One can assume that unqualified personnel, frequent changes of personnel, lacking language skills, as well as lacking standard operating procedures are responsible for the shortcomings. Nevertheless, the reports provided an abundance of valuable information discussed in later chapters.

Many of the German sources used in this dissertation are probably also unfamiliar to many readers. To my knowledge, these sources are not available in English translation. For this reason, a brief introduction of the different authors may be noted here.

Professor Dr. Hans Günter Hockerts taught modern history at the universities of München and Frankfurt am Main from 1981 to 2009. Professor Dr. Karl Doebling taught public law and international law at the universities of Göttingen and München. Dr. Doebling and Dr. Hockerts, together with Dr. Bernd Josef Fehn, a high-ranking official at the Department of Finance, co-authored the book *Jahrhundertschuld, Jahrhundertsühne. Reparationen, Wiedergutmachung, Entschädigung für nationalsozialistisches Kriegs- und Verfolgungsunrecht*. The book, *Wiedergutmachung und Kriegsfolgenliquidation*, is authored by Dr. Bernd Josef Fehn, Hermann-Josef Brodesser, Wilfried Wirth, and Thilo Franosch, all high-ranking officials of the Department of Finance. I used both works to present the reader with an overview of the payments Germany provided to peoples, organizations, and states over several decades after the war.

Dr. Willi A. Boelcke, professor for social and economic history at the university of Stuttgart-Hohenheim, specialized in the economic history of the 19th and 20th century. Additionally, he focused on propaganda and mass media, emphasizing the study of National

Socialism and the Third *Reich*. His book, *Die Kosten von Hitlers Krieg*, provided valuable insights used in the monograph.

Professor Dr. Gerd Hardach is a social and economic historian at the University of Marburg. He may be known to U.S. readers through his publications about World War I. I used his book, *Der Marshallplan, Auslandshilfe und Wiederaufbau in Westdeutschland 1948-1952* for comparative purposes.

Dr. Friedrich Jerchow studied modern history, sociology and political science, as well as international law at the University of Hamburg. His publication, *Deutschland in der Weltwirtschaft 1944-1947*, is an extensive compendium of information also used for this monograph.

Professor Dr. Christoph K. Buchheim taught social and economic history at the University of Mannheim. His book, *Die Wiedereingliederung Westdeutschlands in die Weltwirtschaft 1945-1958*, presented a volume of valuable information considered by this author.

The Swiss historian, Jörg Fisch, taught at the universities of Bielefeld, Mainz, and Zürich. He focused on the history of international law, World War I, World War II, and National Socialism. His volume, *Reparationen nach dem Zweiten Weltkrieg*, provided complementary information highly valuable for the current analysis.

To present a most recent indicator of Germany's enduring commitment to render *Wiedergutmachung*, one may cite an article of the *Süddeutsche Zeitung* of 20 May 2015, titled *Sowjetische Kriegsgefangene erhalten Entschädigung* (Russian prisoners of war receive compensation). Seventy years after the end of World War II the German *Bundestag* pledged to pay € 10 million to the estimated 4,000 surviving Russians imprisoned in Hitler's Third Reich during the war. "This is a late and important historical commitment of Germany to the Nazi

policies of extermination,”¹⁷ a member of the *Bundestag* reasoned. It is a late example of *Wiedergutmachung* for WW II-related actions caused by Germany. The translation of the term, *Wiedergutmachung*, into compensation or reparation only partly expresses the German idea. The term *gutmachen* goes back to ancient times in German meaning to reimburse, to settle, as well as to atone.¹⁸

To give an impression of the value of compensation payments West Germany and since 1990 unified Germany agreed upon during the past seventy years, some numbers may serve to demonstrate Germany’s commitment. The following compilation is not exhaustive. Occupation costs to the Allied Powers and reparations from dismantled plants, from the confiscation of the German merchant marine and of German foreign assets, as well as the losses from the arbitrary use of German patents, production methods and trademarks are not included, likewise the payments on pre-war loans to Germany. However, the purpose of the compilation is to demonstrate the dimensions of Germany’s *Wiedergutmachung*.

For the *Wiedergutmachung* of injustice caused by Nazi ideology Bernd Josef Fehn lists eleven German laws and agreements with payments to aggrieved parties of 103.4 billion DM. For the liquidation of the consequences of the war, he itemizes eight laws of the Federal Government with a total of 725.5 billion DM as expenses. The government and many corporations created a joint endowment fund of 10 billion DM for the *Wiedergutmachung* of forced labor during the war.¹⁹ The aggregate amount of approximately 865.9 billion DM dwarfs the occupation costs and reparation payments by a considerable margin.

¹⁷ <http://www.sueddeutsche.de/politik/zweiter-weltkrieg-sowjetische-kriegsgefangene-erhalten-entschaedigung-1.2487424> accessed 2015-05-20.

¹⁸ Hans Günter Hockerts, “Wiedergutmachung in Deutschland: Eine historische Bilanz 1945-2000” in *Jahrhundertschuld, Jahrhundertsühne*, herausgegeben von Karl Doehring, Bernd Josef Fehn, Hans Günter Hockerts. (München: Olzog, 2001). 92.

¹⁹ Bernd Josef Fehn, “Die deutschen Wiedergutmachungs- und Kriegsfolgeleistungen nach 1945 unter dem Blickwinkel der Reparationsfrage,” in *Jahrhundertschuld, Jahrhundertsühne*, herausgegeben von Karl Doehring, Bernd Josef Fehn, Hans Günter Hockerts. 58-60.

However, one has to take into consideration the circumstances of the situation. Whereas the *Wiedergutmachung* payments stretched over several decades supported by the soon-to-be third largest economy of the world, the occupation costs and reparations had to be paid in less than a decade by a defeated Germany with an economy not able to feed, house and clothe its own people. An economy, the U.S. Military Governor reported in August 1945, of “approximately 1,200 industrial establishments ... currently operating in the United States Zone of Germany. This number has been estimated to represent less than 10 percent of the industrial establishments in the Zone.”²⁰ From these operating industrial plants “fifty percent were lumber mills, producing for the needs of the U.S. Army, whereas the rest were food processing plants, power plants and public utilities trying to reestablish water supply and waste water disposal.”²¹ Considering the German payments for *Wiedergutmachung*, these payments exceeded by far the \$20 billion in reparations the three Allied Powers agreed upon at the Conference of Yalta in February 1945 as the guideline for the Moscow Reparation Commission, as well as the not yet appraisable occupation costs.

1.5. Allied perceptions of Germany

Some remarks are necessary on the subject of the perception of Germany by the major powers of Great Britain, Russia, the United States and France, since the late 19th century because they influenced the treatment of Germany after both World Wars. Gustav Stolper, an emigrated political economist, cites the editorial of *The Times*, London, of 16 July 1870 in his book *German Realities* regarding the outbreak of the Franco-Prussian War of 1870-71:

The greatest national crime that we have had the pain of recording in these columns since the days of the First French Empire has been consummated. War is declared—an unjust, but premeditated war. The dire calamity, which

²⁰ Monthly Report of the Military Governor U.S. Zone, No. 1, Industry, 20 August 1945. 1.

²¹ Werner Abelshauser, *Wirtschaft in Westdeutschland 1945-1948*. (Stuttgart: Deutsche Verlags-Anstalt, 1975). 39.

overwhelms Europe with dismay, is, it is now too clear, the act of France, of one man in France. It is the ultimate result of personal rule.

There can be no doubt as to the side on which the world's sympathies will be enlisted, and, whatever may on former occasions have been the offenses of Prussia, she will in this instance have on her side all that moral support which is seldom denied to those who take up arms in self-defense.²²

George Bancroft, the U.S. Ambassador to Prussia expressed the sympathies of the American people on 12 October 1870, when he uttered that

The leading statesmen as well as public opinion in America regard the present war essentially as an act of self-defense on Germany's part, and the outstanding task is to insure Germany permanently, by a better system of frontiers, against new wars of aggression on the part of her western neighbors, of which the past three centuries have brought so large a number.²³

In the 1930s it should have been common knowledge among western politicians that Article 231 of the Treaty of Versailles²⁴ of 1919, assigning to Germany the exclusive responsibility for the outbreak of World War I was a dictate forced on Germany by the victorious powers and not consistent with reality. Victor Gollancz, a British publisher and humanist remembered in his book *Our Threatened Values* a conversation of Lloyd George, British Prime Minister in 1919 with Lord Riddell during the negotiations for the peace treaty for Germany. During this conversation Lloyd George conceded,

...the truth is that we have got our way. We have got most of the things we set out to get... The German navy has been handed over, the German shipping has been handed over, and the German colonies have been given up. One of our chief trade competitors has been seriously crippled...²⁵

²² Gustav Stolper, *German Realities*. (New York. 1947). 218.

²³ Ibid. 218.

²⁴ Treaty of Versailles, Art. 231: The Allied and Associated Governments affirm and Germany accepts the responsibility of Germany and her allies for causing all the loss and damage to which the Allied and Associated Governments and their nationals have been subject as a consequence of the war imposed upon them by the aggression of Germany and her allies. <http://alphahistory.com/weimargermany/treaty-of-versailles-1919>. accessed 2014-01-14.

²⁵ Victor Gollancz, *Our Threatened Values*. (London: Victor Gollancz LTD, 1946). 21.

To prove the mythos of the pretension of Prussian Militarism as the source of belligerence in the world as indicated par example in Law No. 46²⁶ of the Allied Control Council terminating the existence of the state of Prussia, one has to read textbooks of European or world history.

Art. 231 of the Treaty of Versailles, known as the war guilt clause, complicated the task of politicians of the *Weimar Republik*, assassinated Foreign Minister Rathenau and Chancellor /Foreign Minister Stresemann, to arrange reconciliation with its western neighbors France and Belgium. German public opinion described Art. 231 as the *Kriegsschuldlüge*, the war guilt lie. The article powerfully fueled nationalism and strong antipathies against the victors, and finally, among other reasons, permitted the rise of Hitler's *Nationalsozialistische Deutsche Arbeiterpartei*.

Anne Armstrong writes in *Unconditional Surrender*, about Prussian Militarism and the Allied presumption of it as the cause of all recent wars. She criticizes

the dogma that Prussia-Germany was the perpetual aggressor in European warfare, the official view of the exaggerated political importance of the German General Staff, the theory of the dangers to democracy, lawful government, and peace inherent in Prussia and especially in its ruling class, the doctrine of the conspiracy of the industrialists, Junkers, and militarists to push Hitler into power...²⁷

As a basis of official decision making in Washington this dogma “seems never to have been criticized in official circles during the war, [that were] open to question and critical historical analysis.”²⁸ The statement in Anne Armstrong's book reiterates the longevity and durability of

²⁶ Law No. 46 of 25 Feb. 1947 of the Allied Control Council. Recital clause: The Prussian State that from early days has been a bearer of militarism and reaction in Germany has de facto ceased to exist. Art. I: The Prussian State together with its central government and all its agencies are abolished.

²⁷ Anne Armstrong, *Unconditional Surrender*. (New Brunswick: Rutgers University Press, 1961). 251.

²⁸ Ibid. 251.

the mythos of the Prussian/German militarism as the source of all belligerence in Europe and the world.

1.6. Replacing German authorities with Allied authorities

With the *Declaration Regarding the defeat of Germany and the Assumption of Supreme Authority by the Allied Powers* of 5 June 1945, the four Allied Powers recognized that with the *Act of Surrender by Germany* of 8 May 1945, and the arrest of the *Dönitz* government on 23 May no central German government or central German authority existed. Therefore, the representatives of the Allied War Coalition by the power of their military might

assume[d] supreme authority with respect to Germany, including all the powers possessed by the German Government, the High Command and any state, municipal, or local government or authority. The assumption, for the purpose stated above, of the said authority and powers does not affect the annexation of Germany.²⁹

Respective to the different zones of occupation the *Allied Statement on Zones of Occupation in Germany and the Occupation of 'Greater Berlin'* of 5 June 1945 delineated

an eastern zone to the Union of Soviet Socialist Republics;
a north-western zone to the United Kingdom;
a south-western zone to the United States of America;
a western zone to France³⁰

of the territory of Germany as it existed on 31 December 1937. The statement further explained that the area of 'Greater Berlin' be divided up by the four powers to be occupied by them.

General Eisenhower, the Supreme Commander of the Allied Expeditionary Forces repeats the assumption of general authority in his Proclamation No. 1 to the German people stating in Article II that

Supreme legislative, judicial and executive authority and powers within the occupied territory are vested in me as Supreme Commander of the Allied

²⁹ Department of State, *Documents on Germany, 1944-1985*. (Washington D.C: U.S. Government Printing Office, 1950). 33.

³⁰ *Ibid.* 38.

Forces and as Military Governor, and the Military Government is established to exercise these powers under my direction. All persons in the occupied territory will obey immediately and without question all the enactments and orders of the Military Government. Military Government Courts will be established for the punishment of offenders. Resistance to the Allied Forces will be ruthlessly stamped out. Other serious offences will be dealt with severely.³¹

In addition the directive JCS 1067/6 required the Military Government in paragraph 6 to dissolve Hitler's power base, the *Nationalsozialistische Deutsche Arbeiterpartei* and its countless "formations, affiliated associations and supervised organizations."³² This specification forced a mass-exodus of public servants at the local, county and state level. To hold public office in Hitler's Germany from mailman to university professor one had to be a member of the many specialized professional organizations created by the party. This qualification under the Occupation Authority, however, delayed, if not disqualified these people from continuing employment.

Reestablishing a basic administration at the local, county and district level emerged as the first important objective of the Military Governments in its particular zones of occupation. The newly Military Government-appointed German authorities from *Bürgermeister* (mayor) to *Landrat* (district chief executive) and *Regierungspräsident* (district president) faced the major task to ensure public order, to provide fresh water supply, to restore electric power, to distribute food, to prevent epidemics and to get the public transportation systems running again.

The new German authorities engaged in the task of restoring a semi-normal life received their power to enforce law and order from the absolute power and authority of the Military Government. The German people, just liberated from Hitler's dictatorship with all-embracing power and authority, faced a military rule with equally unlimited power and authority, with an agreed upon objective to eliminate forever Germany's claimed obsession with militarism and

³¹ Military Government-Germany. Supreme Commander's Area of Control. HStAStuttgart. EA 1/014 Bü 189.

³² JCS 1067/6 No. 6.a.

war. A short summary of the economic goals developed by the United States illustrates the planned therapy for the German people as a whole.

1.7. Germany's import/export interconnections and dependency

The presumption that the Prussian/German militarism was the evil genius in the world persuaded the Secretary of Treasury, Henry Morgenthau Jr. to draft his radical plan, the "Program to Prevent Germany from starting a World War III." Common sense and a realistic perspective seem missing. To believe that Germany as the country with the largest manufacturing capacity, only second to the United States could be eliminated without grave consequences to the European economic system borders on mental bankruptcy. How the Secretary convinced President Roosevelt, against the resistance of State and War Departments to approve such a plan is not documented. To this day no one knows the rationale behind Morgenthau's intentions.

In his book *Germany is our Problem* Morgenthau declares that not only the Directive JCS 1067/6, but also the Potsdam Declaration carried out the objectives of his proposed policies³³ in the "Plan of the Allied Control Council for Reparations and the Level of Post-War German Economy" of March 1946. Morgenthau uses numbers and statistics purposefully for his aims. According to Morgenthau, in 1938 Germany imported 17 per cent of its foodstuff,³⁴ indicating that postwar pastoralized Germany should be able to produce all its necessary food with workers released from dismantled industries. However, he fails to mention that the loss of German territory to Poland and the USSR reduced its agricultural capacity by 27 per cent. He also fails to take into account that much of the arable land left in dismembered Germany was not suited for large-scale agricultural production. He conceals the fact that the reduced arable land available to

³³ Henry Morgenthau Jr., *Germany is our Problem*. (New York: Harper & Brothers Publishers, 1945). XII.

³⁴ Ibid. 62.

food production had to feed a population increased by more than 12 million refugees, expellees and displaced persons.

Section 4, The Ruhr Area, (a) reflects the most serious shortcoming of his proposed policy. The subparagraph calls for the dismantling of all industrial plants and equipment for restitution to the liberated countries, as well as closing of all coalmines.³⁵ In 1936, the Ruhr industrial area produced 138,000,000 metric tons of hard coal. Of this production 31 per cent or 42,800,000 metric tons were exported. Germany's western neighbors France, the Netherlands and Belgium-Luxembourg received more than 50 per cent of the exports. The Netherlands depended on 25 per cent, Belgium-Luxembourg on 17 per cent and France on 9 per cent of their total usage from the Ruhr coal.³⁶ To destroy the largest anthracite producing area of Western Europe would mean to denude Germany and all liberated and neutral countries of North and Western Europe, longing for energy of a source of energy able to provide, according to Gustav Stolper, up to 440,000 metric tons per day.³⁷

Ex-president Herbert Hoover travelled on behalf of President Truman through several European countries in 1947 to survey the conditions of the respective economies. His report No. 3, "The President's Economic Mission to Germany and Austria" is a scathing criticism of the official economic policies expressed in the directive JCS 1067/6 and in The Level of Industry Plan of the Allied Control Council (ACC). Without any attempt at palliation, he stated that

[t]here is only one path to recovery in Europe. That is production. The whole economy of Europe is interlinked with German economy through the exchange of raw materials and manufactured goods. The productivity of Europe cannot be restored without the restoration of Germany as contributor to that productivity.³⁸

³⁵ Ibid. Page 1 of the Program to Prevent Germany from starting a World War III.

³⁶ Hoyt Price, Carl E. Schorske, *The Problem of Germany*. (New York: Council on Foreign Relations, 1947). 34.

³⁷ Maximum production in 1943 in G. Stolper, *German Realities*. (New York: Reynal & Hitchcock, 1948). 86-87.

³⁸ Report No. 3 by Herbert Hoover. Truman Library, Box 1724, OF 950-B. 2.

Hoover refers with acidity to Morgenthau's Plan to pastoralize Germany approved at the Conference of Quebec, September 1944, stating that:

There is the illusion that the new Germany left after the annexations can be reduced to a "pastoral state." It cannot be done unless we exterminate or move 25,000,000 people out of it. This would approximately reduce Germany to the density of the population of France.³⁹

Hoover's reports about the situation in Germany pushed official Washington to rethink the United States policies toward Germany and to initiate the new directive JCS1779 of 11 July 1947.

However, no one imagined a situation in 1945, neither the starving German people nor the western Allied Powers, in which a country unable to produce or import enough food for its own people, being dependent on the generosity of other countries to prevent starvation, would be asked to provide funds five years later for the defense of the Federal Republic and for the defense of the countries of Western Europe within the scope of the NATO Alliance. During these five long years the Allies provided large amounts of food to "prevent starvation or such disease and unrest as would endanger these [occupation] forces."⁴⁰ Historically, since its inception in 1871, the German Empire and its successor states never produced enough foodstuffs to feed its indigenous population, neither Hitler's Third *Reich* despite its strong bid for autarchy, nor the tri-zonal Germany and its replacement, the Federal Republic.

The proportion of foodstuffs of the total imports of Germany remained relatively stable over time. Wolfgang F. Stolper demonstrated the *sine qua non* of foodstuff dependency in *Germany between East and West*. The combined area of the three western occupation zones, the future West Germany, imported in 1936 RM 1.8 billion agricultural and food products. The sum

³⁹ Ibid. 12.

⁴⁰ Directive to Commander in Chief of U.S. Forces of Occupation regarding the Military Government of Germany, JCS 1067/6, April 26, 1945, Part I, No. 5a.

of RM 1.8 billion out of a total sum of RM 3.8 billion represented 47.4 per cent of all agricultural and food products reported for Germany in 1936.⁴¹ RM 0.9 billion worth was imported from outside Germany, while RM 0.9 billion value resulted from intra-German trade (the German areas east of the Oder-Neisse Rivers, the Soviet occupation zone and Berlin). The numbers demonstrate the absolute import dependency of the three western occupation zones on food imports already by 1936. The dependency increased drastically in 1945 with the influx of millions of refugees and expellees. Lack of fertilizer, farm equipment and transportation means intensified the situation critically in the American, British and French zones.

Horst Mendershausen, an economist from Columbia University, cites a foodstuff import ration of 38.7 per cent of total imports during the German Empire. Foodstuff imports increased to 40.9 per cent during the Weimar Republic in 1928, then fell slightly to 35.5 per cent in 1935 during Hitler's policy of autarchy, and increased in 1952 to 37.4 per cent.⁴² During the first years of the occupation, the domestic production of foodstuffs dropped relative to the average of 1935 - 1939 harvests to 67 per cent in 1946/47 and to 58 per cent in 1947/48. From 1948/49, the production rose from 79 per cent to 93 per cent in 1949/50 and to 103 per cent in 1950/51 for the area of the three western occupation zones.⁴³ However, feeding the additional twelve million refugees, expellees, and displaced persons living in the western occupation zones increased the demand for further food imports.

⁴¹ Wolfgang F. Stolper, *Germany between East and West*. (Washington, D.C.: National Planning Association, 1960). 7.

⁴² Horst Mendershausen, *Two Postwar Recoveries of the German Economy*. (Amsterdam: North-Holland Publishing Company, 1955). 98.

⁴³ Ibid. 8.

1.8. Liabilities of the occupants

The critical condition of the European food production prevented “the western zones... [from securing] adequate food supplies either from indigenous production or elsewhere in Germany”⁴⁴ or from other sources. Only the United States could provide the necessary amounts of agricultural imports. The United States as victor accepted, according to the Directive to Commander in Chief of U.S. Forces of Occupation regarding the Military Government of Germany, commonly known as Joint Chiefs of Staff (JCS) 1067/6, the obligation to prevent starvation and unrest in occupied Germany. However, this obligation was not based on the JCS 1067/6 only. Max Rheinstein, Professor of International Law at the University of Chicago and member of the Legal Division of the Allied Control Council (ACC), the highest governing authority in occupied Germany argued that

in the present food situation of Germany the importation by the occupants—practically, that means the United States—of food into Germany is not simply an act of charity or generosity but the fulfillment of a duty of international law, which is part of the general duty of an occupant, even a belligerent one, to restore and maintain law and order in the occupied territory. The fulfillment of this duty has repeatedly been claimed of Germany by Allied Powers, when Germany found herself in the position of occupant.⁴⁵

International law, the ACC agreement, as well as the Directive JCS 1067/6, forced the United States to support the population in their occupation zone with food. Because of the limited or respectively non-existent surplus of food resources of their Allies, Great Britain and France, the United States also provided considerable foodstuff to the people of those occupation zones. Although the average caloric intake allocated to the German people barely prevented starvation during the first three years of occupation, the food imports into Germany added up to billions of dollars furnished by the U.S. taxpayer.

⁴⁴ Hoyt Price, C.E. Schorske, *The Problem of Germany*. (New York: Council on Foreign Relations, 1947). 17.

⁴⁵ Max Rheinstein, “The Legal Status Of Occupied Germany,” *Michigan Law Review*. Vol. 47. 1948-1949. 30.

1.9. Changing Allied perceptions toward Germany

With time passing, the expectation grew in the United States and Great Britain that Germany ought to be self-supporting, to become independent of tax subsidies of the U.S. and Great Britain. However, to support the task of German self-sufficiency the general attitude of the JCS 1067/6 Directive needed to change. The new “Directive to Commander-In-Chief Of U.S. Forces Of Occupation, Regarding The Military Government Of Germany,” JCS 1779 of 11 July 1947 provided this change by stating in Section II, No. 3, that:

The basic interest of the United States throughout the world is just and lasting peace. Such a peace can be achieved only if conditions of public order and prosperity are created in Europe as a whole. An orderly and prosperous Europe requires the economic contribution of a stable and productive Germany as well as the necessary restraints to insure that Germany is not allowed to revive its destructive militarism.⁴⁶

Furthermore, in Section IV, No. 5 *United States Political Objectives in Germany* the directive stated that:

It is an objective of the United States Government that there should arise in Germany as rapidly as possible a form of political organization and a manner of political life which, resting on a substantial basis of economic well-being, will lead to tranquility within Germany and will contribute to the spirit of peace among nations.

Your task, therefore, is fundamentally that of helping to lay the economic and educational bases of a sound German democracy, of encouraging bona fide democratic efforts and of prohibiting those activities, which would jeopardize genuinely democratic developments.⁴⁷

This change of policy proved to be the basic prerequisite for the German participation in the European Recovery Program (ERP), in public known as the Marshall Plan. The ERP provided the financial aid to kick-start the German economy. The story of financial aid to Germany and Germany’s own contributions to get back on its feet after the total defeat, of destruction and dismemberment, of partition and occupation is not very well known. It is the

⁴⁶ Hoyt Price, Carl E. Schorske, *The Problem of Germany*. (New York: Council on Foreign Relations, 1947). 149.

⁴⁷ Ibid. 150.

purpose of this dissertation to present facts and data about the Allied aid and the German contributions during the time span from the total defeat up to the statehood of the Federal Republic of Germany.

1.10. Summary

It was a unique situation the Allied war coalition and defeated Germany faced after the unconditional surrender of the *Drittes Reich* on 8 May 1945. Never before in recent history had a war ended with the total defeat, occupation of the entire territory of the conquered, and the dissolution of any form of a central government able to exercise sovereign power or to negotiate with the victors. With their declaration of 5 June 1945, the Allies proclaimed the non-existence of a central government or authority in Germany. The four victorious governments “assume[d] supreme authority with respect to Germany, including all the powers possessed by the German Government, the High Command and any state, municipal, or local government or authority,”⁴⁸ taking complete control of Germany’s destiny trying to prevent “disease and unrest.”

⁴⁸ Beate Ruhm von Oppen, ed., *Documents on Germany under Occupation 1945-1954*. (London: Oxford University Press, 1955). 30.

Chapter 2: The United States Zone of occupation

2.1. Creation of the U.S. Zone

President Roosevelt agreed at the second Quebec Conference to switch with the British the previously favored U.S. Zone of northern Germany with its major ports of Hamburg and Bremen to a southern German zone (see Appendix F). At Yalta President Roosevelt proposed to include the states of Hessen Kassel and parts of Hessen Nassau into the U.S. Zone, as well as an enclave around the ports of Bremen, Bremerhaven and the urban district of Wesermünde, with access routes for rail and road transport through the British Zone to the U.S. Zone.

At Yalta, the Big Three also agreed upon an additional French Zone, to be carved out of the British and American Zones. How did the final U.S. occupation zone look after VE-Day and final agreements with the French government regarding its zone? On 19 September 1945, General Eisenhower, the Commanding General, European Theatre of Operations (ETOUSA) signed the Proclamation No. 2. Article 1 of the proclamation constituted in the area of the U.S. Zone three administrative areas called states with respective governments:

GREATER HESSEN – comprised of Kurhessen and Nassau (excepting exclaves thereof and the Kreise Oberwesterwald, Unterwesterwald, Unterlahn and Sankt Goarshausen) and Hessen-Starkenburg, Oberhessen, and the part of Rheinhessen east of the Rhine;

WÜRTTEMBERG-BADEN – comprised of the Kreise Aalen, Backnang, Böblingen, Crailsheim, Esslingen, Gmünd, Göppingen, Hall, Heidenheim, Heilbronn, Künzelsau, Leonberg, Ludwigsburg, Mergentheim, Nürtingen, Münsingen north of the Autobahn, Öhringen, Stuttgart, Ulm, Vaihingen, Waiblingen, the Landeskommisarbezirk Mannheim, and the Kreise Bruchsal, Karlsruhe Stadt and Land, and Pforzheim Stadt and Land;

BAVARIA – comprising all of Bavaria as constituted in 1933, less Kreis Lindau.⁴⁹

The proclamation created new administrative and political entities in Germany, some still existing. Hessen lost the *Kreise* (counties) of Oberwesterwald, Unterwesterwald, Unterlahn and

⁴⁹ *Military Government – Germany United States Zone, Proclamation No. 2*, Hauptstaatsarchiv Stuttgart, EA 1/014 Bü 189.

St. Goarshausen on the right bank of the Rhein River, as well as the areas of Rheinhessen on the west bank of the Rhein River. These areas were carved out of the original U.S. Zone for the French Zone agreed upon at Yalta. Later they became a part of the still existing state of Rheinland-Pfalz. Interestingly, the Proclamation No. 2 forgot the Hessian exclave of Wimpfen, a township located between the states of Baden and Württemberg. By referendum the people voted in 1952 to become part of the state of Baden-Württemberg.

The two separate states of Baden and Württemberg were cut in half along the *Reichsautobahn* Karlsruhe-Stuttgart-Ulm. The southern parts were added to the French zone while the northern parts were combined into the state of Württemberg-Baden. The Proclamation No. 2 also dismembered Bavaria of the Pfalz, an area on the left bank of the Rhein River, part of the French Zone and later integrated into the state of Rheinland-Pfalz.⁵⁰

General Joseph T. McNarney, the Commanding General of the United States Forces, European Theater, and Military Governor for Germany (U.S.), the successor to General Eisenhower, enacted Proclamation No. 3 on 21 January 1947. In compliance with an American-British agreement the enclave of Bremen with its surrounding areas became subject of the exclusive control of the U.S. Military Government. Article I “constituted the following administrative area, which will henceforth be referred to as a State and which will have a State Government: BREMEN – comprising the Stadt Bremen, Land Gebiet Bremen and Stadtkreis Wesermünde, including Bremerhaven.”⁵¹

To antedate a further development, the Proclamation No. 4, Article I, of 1 March 1947 conceded to the states of Bavaria, Hessen and Württemberg-Baden full legislative, executive and judicial powers with following reservations to the Military Government:

⁵⁰ <http://www.verfassungen.de/de/bw/proklamation2-45htm> accessed 2014-12-25.

⁵¹ *Military Government – Germany United States Zone, Proclamation No. 3.* Hauptstaatsarchiv Stuttgart, EA 1/014 Bü 189.

- a. International agreements to which the United States is a party,
- b. Quadripartite legislation,
- c. Powers reserved to Military Government in order to effectuate basic policies of the occupation.

These powers will also be granted to the State of Bremen, too, as Article IV states, with the acceptance of a constitution.⁵²

It was generally accepted among the Big Three that “the Russians received the agriculture, the British the heavy industry, and the Americans the scenery”⁵³ of Germany in their respective zones. How did this artificial construct of Allied occupation policy look when the U.S. Military Government took over? What did the Americans expect after four years of bombing campaigns? According to the *Statistisches Jahrbuch Deutscher Gemeinden*, the U.S. Zone covered an area of 107,459 km² (41,490 sq. mi) with a population of 17,254,945 based on the census of 29 October 1946.⁵⁴

2.2. Effects of the bombing campaigns

The U.S. Zone got its part of the “almost 2,700,000 tons of bombs dropped [over Germany in] more than 1,440,000 bomber sorties and 2,680,000 fighter sorties flown... In Germany, 3,600,000 dwelling units, approximately 20% of the total, were destroyed or heavily damaged. Survey estimates show some 300,000 civilians killed and 780,000 wounded. The number made homeless aggregates 7,500,000.” The United States Strategic Bombing Surveys (USSBS) continues, “the principal German cities have been largely reduced to hollow walls and

⁵² *Military Government – Germany United States Zone, Proclamation No. 4*, Hauptstaatsarchiv Stuttgart, EA 1/014 Bü 189.

⁵³ Frank Ninkovich, *Germany and the United States. The Transformation of the German Question since 1945*. Updated edition. (Boston: Twayne Publishers, 1995). 24.

⁵⁴ *Statistisches Jahrbuch deutscher Gemeinden*. (Schwäbisch Gmünd: Alfons Bürger Verlag 1949).

piles of rubble. German industry is bruised and temporarily paralyzed.”⁵⁵ To the bombing damage one has to add the destruction caused by fighting with the retreating German forces bound by Hitler’s Nero Order of 19 March 1945, to destroy everything that might be of use by the Allied forces.

The evidence of the bombing on the ground demonstrated “the destruction of the national economic and civil life of a great nation, doomed... to be set back by a century as a result.”⁵⁶ All major population centers, industrial concentrations, as well as infrastructure from roads to rails and waterways in the U.S. Zone were attacked, heavily damaged and depopulated. The examples of some municipalities may manifest the magnitude of suffering through the bombing and ground fighting.

2.2.1. City bombing

The city of Bremen, with a population of 424,000 sustained 173 Allied air attacks during the war. A total of 3,562 people were killed, 58 per cent of the living quarters were destroyed and the port facilities were heavily damaged.⁵⁷ The 890,000 bombs dropped equaled 25,513 tons of bombs ejected by U.S. and British aircrafts.⁵⁸

The major air attack on the city of Kassel occurred on 22 October 1943. The 569 aircraft dropped 416,000 incendiary bombs. 10,000 people were killed, a tenth of the inner city population and 4.42 per cent of the total population.⁵⁹ Scientists estimated that 60-70 per cent of the people killed died from carbon monoxide suffocation.⁶⁰ Richard Overy reports that 59 per cent of the city was incinerated and 6,636 dwellings destroyed, with an estimated 6,000 people

⁵⁵ Center for Aerospace Doctrine, Research and Education, *The United States Strategic Bombing Surveys*. Reprint. (New Delhi: Isha Books, 2013). 5-6.

⁵⁶ Richard Overy, *The Bombers and the Bombed*. (New York: Viking, 2014). 231.

⁵⁷ Jörg Friedrich, *Der Brand*. 195-8.

⁵⁸ Richard Overy, *The Bombers and the Bombed*. 301.

⁵⁹ Jörg Friedrich, *Der Brand*. 117-8.

⁶⁰ Ibid. 378.

killed.⁶¹ However, how one may explain the difference in numbers, nobody will ever know the exact numbers of people killed through the Allied bombing campaign.

The attack on the city of Kassel generated my earliest childhood memory, still present today. We four children with my mother lived in a small town fifteen miles north of Kassel. Air raid warnings woke us up. Standing outside among neighbors in absolute darkness we heard airplanes roaring in the sky. To the south, the sky was burning from east to west over Kassel like a volcanic eruption. In silence, the people stood and watched the tragedy as Kassel burned. Too small to understand the catastrophe, we watched the sky, a sky I have never seen since.

The fatalities of Allied air attacks on cities with industrial concentrations may be justified under the premise to shorten the war. The air attacks on cities without any noteworthy war-related industries had the only task to terrorize the population, to break the morale of the people. However, the terror attacks, starting in late 1944, failed to accomplish their intended purpose but inflicted incredible human and material losses. Late-war air attacks of this kind effaced the cities of Heilbronn, Pforzheim, and Würzburg, all located in the U.S. Zone.

Heilbronn, a city of roughly 74,000 residents, was the center of a wine-growing rural region situated on the Neckar River. Winemaking was its only industry of importance, not at all essential and decisive for the outcome of the war. In *Der Brand*, Jörg Friedrich gives a precise account of the attack of the 4 December 1944 by the U.S. Bomber Group No. 5. “At 19.16 the bombs start to drop, at 19.45 1,254 tons of bombs were discharged... As the explosions of the time-delayed bombs ended and the people tried to exit their bunkers, a firestorm raged over an area of 5 km² (~2 sq. mi). The fire lasted four hours and destroyed the city center to 82 per cent.”⁶² The medieval city center of small and narrow half-timbered houses burnt like a blast

⁶¹ Richard Overy, *The Bombers and the Bombed*. 153.

⁶² Jörg Friedrich, *Der Brand*. 339-40.

furnace. Heat, lack of oxygen and an abundance of carbon monoxide killed 6,530 people including 1,000 children younger than six years. 8.3 per cent of the population lost their lives in this attack.⁶³

The city of Pforzheim, situated on the northern slope of the Black Forest and the confluence of the small rivers Nagold and Enz, a center of jewelry and clock manufacture burnt to ashes on 24 February 1945. The 379 airplanes of the British Bomber Command dropped 1,551 tons of bombs on the residences of about 65,000. The ensuing firestorm killed, according to Jörg Friedrich, 20, 277 people, roughly a third of the actual population.⁶⁴ Richard Overy reports that the airplanes dropped their bombs from 8,000 feet (~2,500m) on the well-marked city. “The subsequent conflagration consumed 83 per cent of the city area, until then the worst in any raid of the war and killed an estimated 17,600 people... the third highest [death toll] in the European bombing war.”⁶⁵ The attack lasted from 19.50 to 20.12, however the firestorm reached its maximum later at 23.30. The extreme heat melted metals with a melting point of 1,700°C (~3,100°F).⁶⁶

The terror attacks of the Allies initiated a further escalation at the NSDAP hierarchy. The *Gauleiter* (leader of a Party district) Albert Hoffmann of the district of Westfalen-Süd issued, after the air raids on Dresden and Pforzheim, his famous *Fliegerbefehl*. The instruction requested all police and constabulary members to not protect captured Allied pilots. The pilots had to be exposed to the popular outrage. In many cases captured Allied pilots became the victims of mob law.⁶⁷

⁶³ Ibid. 342.

⁶⁴ Ibid. 109.

⁶⁵ Richard Overy, *The Bombers and the Bombed*. 216.

⁶⁶ Jörg Friedrich, *Der Brand*. 112.

⁶⁷ Der Gauleiter und Reichsverteidigungskommissar des Gaues Westfalen-Süd
1.) An alle Landräte, Oberbürgermeister u. Polizeibeamte;

Gauleiterdienst am 25.2.45

Würzburg, a bishop's see in northern Bavaria, is located in the narrow Main River valley. During the war the city suffered eleven air attacks between 1942 and 22 March 1945. On 16 March 1945, 236 Allied airplanes attacked the city without any relevant war related industries. The planes carried 924 tons of bombs, 389 tons of explosive bombs to open the structures attacked and 572 tons of incendiary bombs to light the fire. Between 21.25 and 21.45 256 explosive bombs and 397,650 incendiary bombs hit the city center with its invaluable art treasures. Seventeen minutes of bombardment destroyed 90 per cent of the city, killing roughly 5,000 of its 107,000 residents.⁶⁸ The bombing of Würzburg did not produce any military benefits for the Allies. On the contrary, the 3,500 German soldiers, entrenched in the ruins of the city fought the attacking U.S. ground forces for six days before the Americans took the city on 6 April 1945, twenty days after the incineration of 16. March. The fight for the city was, as Jörg Friedrich concluded, the fiercest and longest for American soldiers capturing a city in ruins since the fight for Aachen.⁶⁹

2.2.2. Industries and industrial production under attack

All major cities with large and important industrial production sites in the U.S. Zone were heavily bombed many times, destroying residential areas between, par example, 45 per cent in

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- 2.) Den Kreisleitern zur Kenntnis;
 - 3.) Die Kreistagsführer des deutschen Volkssturms haben eine entsprechende Unterrichtung der Volkssturmmänner vorzunehmen.

Sämtliche Jabo-Piloten, die abgeschossen wurden, sind grundsätzlich der Volksempörung nicht zu entziehen. Ich erwarte von allen Dienststellen der Polizei, dass sie sich nicht als Beschützer dieser Gangstertypen zur Verfügung stellen. Behörden, die dem Volksempfinden zuwider handeln, werden von mir zur Rechenschaft gezogen. Alle Polizei- und Gendarmeriebeamte sind unverzüglich über diese meine Auffassung zu unterrichten.

gez. Albert Hoffmann

<http://langzeitarchivierung.bib-bvb.de/wayback/20121004142806/http://www.bombenkrieg.historicum-archiv.net/zeitleiste/1945.html> accessed 2014-12-29.

⁶⁸ Jörg Friedrich, *Der Brand*. 312.

⁶⁹ Ibid., 316.

München and more than 90 per cent in Nürnberg.⁷⁰ However, the Allied air attacks did not achieve the one cardinal objective, the elimination of the German war industry until into the last months of the war when the lack of fuel, transportation and labor shortage curtailed German airplane, tank and ammunition output to close to zero.

The MAN (*Maschinenfabrik* Augsburg-Nürnberg) plant at Augsburg, the only plant manufacturing diesel engines for submarines, was a prime target of the Bomber Command. An air raid with eight Lancaster bombers failed to destroy the plant despite the intensive training of the pilots on original site maps. Three of the attacking planes were destroyed by anti aircraft fire. The factory “recorded damage valued at 2.4 million Mark, some submarine engines were delivered a few days late,”⁷¹ Jörg Friedrich reports, concluding that with these kinds of attacks, Germany would not lose the war.

As another example, Allied attacks from 20 to 25 February 1944, to reduce Allied losses, targeted the German aircraft production. 20,000 tons of bombs should have pulverized the Messerschmitt factories in Augsburg, as well as the major ball-bearing production sites in the cities of Regensburg, Stuttgart, and Schweinfurt. The attacks caused major destruction of 70 per cent in residential areas. However, as Jörg Friedrich observed, the German fighter plane production did not suffer the hoped for decline. In March 1944, he stated, the plants produced 200 fighter planes more than in January and June saw the double amount of planes produced in February.⁷² Richard Overy reports that “in Augsburg... where industry was among the most heavily damaged, the average value of monthly production was 964,000RM in the last five

⁷⁰ After 59 air raids from 29,770 apartment buildings 10,809 or 36% were completely destroyed, 3,381 or 13% were heavily damaged, 12,397 or 42% were medium to lightly impaired and only 2,683 or 9% were unharmed. The air raids resulted in 10,700,000m³ or 378,000,000ft³ debris. <http://www.nuernberginfos.de/nuernberg-mix/luftangriffe-auf-nuernberg.html> accessed 2014-12-31.

⁷¹ Jörg Friedrich, *Der Brand*. 323.

⁷² *Ibid.*, 120-1.

months of 1943; in the five months of heavy raiding in 1944 the average was 844,000RM.”⁷³

The United States Strategic Bombing Surveys, considering air raid efficacy on the Schweinfurt ball-bearing factories, concluded that the attacks starting on 17 August 1943 severely damaged the plants. “Production of bearings at this center was reduced sharply—September production was 35% of the pre-raid level... Energetic steps were taken [by the Germans] to disperse the industry. Restoration was aided by the circumstances... that machines and machine tools were damaged far less severely than factory structures... Although there were further attacks, production by the autumn of 1944 was back to pre-raid levels.”⁷⁴

The attacks on a second MAN plant in Nürnberg, an object with highest priority for the Allies, one of only four production sites of the famous armored fighting vehicle V, called Panther V, did barely reduce the tank production. A September 1944 air raid of 173 Flying Fortresses resulted “in a 30 per cent decline of one weeks production.”⁷⁵ Production of the Panther V started in 1943. Despite the bombing attacks on cities and factories the output of the Panther V averaged 315-380 tanks per month in 1944 and 1945.⁷⁶ The site, *Lexikon der Wehrmacht*, reports a Panther V output of 1,768 in 1943, increased to 3,717 in 1944 and even 441 in the first quarter of 1945.⁷⁷

The Germans produced, according to the U.S. Strategic Bombing Surveys, between October 1943 and July 1944, 14,000 tanks and armored vehicles during the first cycle of air attacks.

By the time of the heavier attacks [in August, September and October 1944] production... had been considerably expanded and dispersed... Production dropped from 1,616 in August to 1,552 in September [1944]. However, it rose

⁷³ Richard Overy, *The Bombers and the Bombed*. 283.

⁷⁴ Center for Aerospace Doctrine, Research and Education, *The United States Strategic Bombing Surveys*. 15.

⁷⁵ Jörg Friedrich, *Der Brand*. 322.

⁷⁶ http://www.tanks-encyclopedia.com/ww2/nazi_germany/Panzer-V_Panther.php accessed 2015-01-01.

⁷⁷ <http://www.lexikon-der-wehrmacht.de/Waffen/panzer5.htm> accessed 2015-01-01.

to 1,612 in October and to 1,770 in November, and reached its wartime peak in December, when 1,854 tanks and armored vehicles were produced.⁷⁸

These numbers demonstrate the difficulties the Allied air fleets had in eliminating or reducing the German war production. Richard Overy in *The Bombers and the Bombed* cites a further example of the relative invulnerability of decisive German war productions. The German fighter plane production rose from 962 in March 1943 to a maximum of 3,375 in September 1944 and a decline to 2,630 in December 1944. The bomber plane production decreased in the same period from 757 to 703 in June 1944 and a minimum of 262 in December 1944.⁷⁹

The Allied attempts through the early years of the war to defeat Germany from the air failed. Neither the British philosophy of widespread area bombing of large cities to break the morale of the people nor the American philosophy of precision bombing of critical war production sites forced Germany to end the war. The German reactions to the bombings demonstrated the efficiency of the production system. Cushions of spare parts, the sturdiness of the machine tools, as well as widespread decentralization and the relocation of factories into the countryside or underground, restored critical productions more or less immediately after air raids. Richard Overy observed that the wartime economy “was ‘expanding and resilient, not static and brittle,’”⁸⁰ as John Kenneth Galbraith evaluated the missing successes of the air attacks. A shift in the Allied air war philosophy in late 1944 and the effects on the ground finally brought the German economy to a standstill in 1945.

2.2.3. The Achilles Heel: Fuel production and transportation

The flexibility of the German war economy, the skills to find substitutes and to disperse production, enabled the country to resist the Allied bombing campaign between 1941 and 1944.

⁷⁸ Center for Aerospace Doctrine, Research and Education, *The United States Strategic Bombing Surveys*. 28-9.

⁷⁹ Richard Overy, *The Bombers and the Bombed*. 227.

⁸⁰ *Ibid.*, 224.

During these years the “German production [of armaments] increased threefold... despite all the bombings.”⁸¹ However, the increased intensified attacks on aircraft factories in 1944 proved finally to be successful in reducing the German airpower considerably.

In late 1944, with the nearly eliminated German air force, the Allies concentrated their air raids on fuel production sites and the transportation infrastructure. Increased and highly precise attacks on the synthetic fuel production and refineries reduced the production and consequently the availability of these products for the armed forces. The total of 852,000 tons of oil production and imports in January 1944 increased to a maximum of 919,000 tons in March and decreased steadily to 294,000 tons by December 1944. The sixteen synthetic fuel production plants, according to the USSBS “the only source for aviation gasoline,”⁸² delivered a maximum of 501,000 tons in April 1944 and declined to 164,000 tons by December. The imports of 200,000 tons of oil dropped to a low of 11,000 tons in August when the Red Army captured the Ploesti oilfields in Romania. The output of Germany’s own oil production declined from 175,000 tons in January to 108,000 tons by December 1944.⁸³

Richard Overy does not specify the production of a specific aviation gasoline. The USSBS claimed overly optimistically that the output of the synthetic plants dropped from an average of 316,000 tons per months before the concentrated attacks, to 107,000 tons in June and 17,000 tons in September 1944. However, Richard Overy reports for this time a production of 298,000 tons in June, respectively of 152,000 tons in September.⁸⁴ According to the USSBS the aviation gasoline output dropped “from 175,000 tons in April to 30,000 tons in July and 5,000

⁸¹ Ibid., 223.

⁸² Center for Aerospace Doctrine Research and Education, *The United States Strategic Bombing Surveys*. 21.

⁸³ Richard Overy, *The Bombers and the Bombed*. 203.

⁸⁴ Ibid., 203.

tons in September.”⁸⁵ These numbers of the USSBS do not seem realistic considering the still existing German air activities. Nevertheless, the attacks on the fuel production system proved to be an important step toward German defeat. Besides the almost complete elimination of the German air power and the successful reduction of the fuel production system, the new philosophy of precision attacks on the German transportation infrastructure, on roads, railways and waterways in late 1944 and early 1945 broke the camel’s back.

Andreas Knipping and Reinhard Schulz, in *Die Deutsche Reichsbahn 1939-1945*, put it in a nutshell stating that the Allied air attacks, even the ones directed against the fuel production in 1944, did not destroy the German war economy. “Not until the specific and dense, almost ceaseless air attacks against the crucial railway lines and marshaling yards in the Ruhr area, very important for the shipping of the mined coal, caused the industrial collapse not achieved throughout the preceding years.”⁸⁶ The Strategic Bombing Surveys support the findings of the authors. The Surveys concluded “the attacks on transportation [were] the decisive blow that completely disorganized the German economy. It reduced war production in all categories and made it difficult to move what was produced to the front. The attack also limited the tactical mobility of the German front.”⁸⁷

Sufficient supply of coal, the major product of the mines of the Ruhr area, was vital for the German industry, a lesson the Allies had to learn while trying to revive the economy in their respective zones. The generation of electricity depended for the most part on coal, shipped by rail and barge from the Ruhr area to the regional power plants. Coal transport on inland waterways dropped from “2.2 million tons in September... [to] 422,000 tons in December

⁸⁵ Center for Aerospace Doctrine, Research and Education, *The United States Strategic Bombing Surveys*. 21.

⁸⁶ Andreas Knipping, Reinhard Schulz, *Die Deutsche Reichsbahn 1939-1945*. (Stuttgart: Transpress Verlag, 2010). 385.

⁸⁷ Center for Aerospace Doctrine, Research and Education, *The United States Strategic Bombing Surveys*. 30.

[1944].”⁸⁸ The canals of the inland waterway system were partly closed down by air raids on 23 September and the Rhein River [the major supply route for south Germany] was blocked by an air raid of 14 October on the Rhein bridge at Köln. The raids shut down barge traffic to north, central and southern Germany.⁸⁹

The *Reichsbahn*, the German rail company’s freight car loading capacity of “approximately 900,000 cars for the *Reich* as a whole in the week ending August 19 [1944] fell to 700,000 cars in the last week of October... declined erratically to 550,000 cars in the week ending December 23 and to 214,000 cars during the week ending March 3 [1945].”⁹⁰

Analyzing these numbers it should have become clear that the U.S. Military Government faced a transportation nightmare in its zone. From 8,200 locomotives only 2,600 were fit for service, 17,950 of 44,250 passenger cars in the three western occupation zones could be used and of 427,700 freight cars 396,000 were ready for use. Further hampering rail service in the U.S. Zone, military action had destroyed 885 out of 10,168 bridges.⁹¹ The U.S. Military Government reported in July 1945 10,377 km (6,448 mi) of 13,193 km (8198 mi) track operational.⁹² Inland waterways in the U.S. Zone were inoperable because of destroyed bridges: Rhein River 11 bridges, Main River 30 bridges, Neckar River 36 bridges, and Donau River 33 bridges.⁹³ Of a total of 1,724 vessels of all kind in the U.S. Zone the Military Government reported 393 serviceable and 754 sunk, the rest could be repaired.⁹⁴ Not at all a pretty picture awaiting the

⁸⁸ Richard Overy, *The Bombers and the Bombed*. 205.

⁸⁹ Center for Aerospace Doctrine, Research and Education, *The United States Strategic Bombings Surveys*. 32.

⁹⁰ *Ibid.*, 32.

⁹¹ Jack A. Bradley, “Rehabilitation of Transportation in Western Germany,” *Economic Geography* 25, No.3, (Jul 49): 182-85.

⁹² Monthly Report of the Military Governor U.S. Zone, No.1, 20 Aug. 1945. 3.

⁹³ Jack A. Bradley, “Rehabilitation of Transportation in Western Germany,” *Economic Geography* 25, No.3, (Jul 49): 186.

⁹⁴ Monthly Report of the Military Governor U.S. Zone, No. 1, 20 Aug. 1945. 7.

occupiers in their zones and a considerably less good-looking future for the defeated, war-weary and disillusioned German people.

2.3. Agriculture and farming

Agriculture became immediately after the end of the war the most pressing question for the occupation powers. Only agriculture could produce the food necessary for the survival of the German people. As mentioned above, the Russians got the most productive agricultural areas of Germany, whereas the Americans got the scenery. Never had the residents in the scenic U.S. Zone grown sufficient food for its indigenous population. The situation deteriorated with the influx of a “multitude of mouths into the overcrowded British and American zones,”⁹⁵ as Ninkovich cited Winston Churchill, caused by the Allied approved Russian and Polish depopulation policies.

A few numbers may illustrate the situation. The population of the Potsdam-Germany (post August 1945) increased from 60 million in 1939 to 66 million in 1946. The grain production decreased in the same timeframe from 10.3 million tons to 5.5 million tons, the potato harvest declined from 40 million tons to 22 million tons. Cattle stock fell from 16 millions to 14 millions and the number of hogs declined from 19.4 millions to 7.5 millions.⁹⁶ The major reasons for the reduced agricultural output in 1946 resulted from “acute farm labor and machinery shortages, the lack of fertilizer, and the collapse of the transportation system.”⁹⁷

The historical dependence on food imports is stated in the report, *A Year of Potsdam*, issued by the U.S. Military Government. In 1943-44 Germany imported 7 million tons of foodstuffs. Additionally, under Potsdam Protocol, twenty five per cent of Germany’s most

⁹⁵ Frank Ninkovich, *Germany and the United States. The Transformation of the German Question since 1945*. 24.

⁹⁶ Gustav Stolper, K. Häuser, K. Borchardt, *The German Economy 1870 to the Present*. Trans. T. Stolper. (New York: Harcourt, Brace & World, Inc., 1967). 205.

⁹⁷ Status Report on Military Government of Germany U.S. Zone of 15. March 1946. 3.

productive arable land was lost to Russia and Poland as a result of the war. This agricultural land, the report observed was “capable of producing enough surplus food to feed some 4,000,000 people.”⁹⁸ Roughly 820,000 of the approximately 900,000 farms in the U.S. Zone had farmland of less than 49 acres. The farmland declined seventeen per cent during the decade, 1935 to 1945. The number of hogs declined 49 per cent and the quantity of cattle declined 5 per cent. Lack of fertilizer in the last years of the war caused a general decline of the crop harvest. The report concluded that the U.S. occupation forces faced the responsibility of preventing the starvation of 17 million people in their zone, an area never even close to self-sufficiency. A bright light in the sad state of affairs of the agriculture industry in the U.S. Zone was observed in a monthly report, of the “61 plants for agricultural machinery in the U.S. Zone eight [plants] produce[d] equipment,”⁹⁹ as long as parts and raw materials are available.

2.4. Summary

The occupation force entered a territory consisting of towns and cities in ruins, with transportation infrastructure and public utilities destroyed or in disrepair, with millions of homeless people entering the area as refugees and expellees from East and Southeastern Europe, with starvation and epidemics looming, and with a non-existing public administration able to feed the hungry and house the homeless. The people were punished by the JCS 1067 policy of not taking any steps toward a rehabilitation of the German economy, of policies like non-fraternization, and orders such as one not to give away to starving Germans excess food supplies, banning U.S. families from giving leftover food to their German servants. Excess food had to be degraded or made uneatable.¹⁰⁰ For their own well-being the occupation forces soon had to use

⁹⁸ Office of the Military Government for Germany (U.S.), *A Year of Potsdam, The German Economy since the Surrender*, no date. 50.

⁹⁹ *Monthly Report of Military Governor U.S. Zone*, No.1, Industry, August 1945. 2.

¹⁰⁰ Eugene Davidson, *The Death and Life of Germany*. (New York: Knopf, 1959). 85.

the loopholes JCS 1067 provided to start to help rebuild infrastructure, to fight homelessness and starvation and to fight epidemics.

Chapter 3: From the Atlantic Charter to Potsdam: Allied plans for post-war Germany

This chapter explores the meetings and conferences of the Big Three during and after the war. It examines the decisions and policies proposed and enacted by the Allies from the postulation of unconditional surrender to partition and dismemberment, as well as Germany's reduction to a purely agricultural country as the U.S. Secretary of the Treasury, Henry Morgenthau forcefully argued. Will Germany be granted a future existence as an independent nation state? Or will Germany be broken up into several independent small entities, partly internationalized, deprived of its major industries? In the Atlantic Charter, President Roosevelt and Prime Minister Churchill tried to formulate universal principles to govern the future life on earth. Were those lofty principles to be the basis for life for defeated Germany?

3.1. The Atlantic Charter, 9-12 August 1941

The secretive meeting of President Roosevelt and Prime Minister Churchill at the Placentia Bay, 9-12 August 1941, in Newfoundland, Canada, led to a series of wartime meetings of the two leaders. Churchill, fearing an invasion by the German military, pressed Roosevelt for sweeping financial and material support. However, Roosevelt refused to officially commit the United States to enter the war on the side of Great Britain and the USSR. Roosevelt expected the surge of criticism at home from isolationists and interventionists facing him after the announcement of the meeting. Theodore Wilson explains, the president “judged that the meeting [with Churchill] pinned his administration even more tightly between the horns of isolationist denunciation and interventionist outcry.”¹⁰¹ An immediate commitment to war by the United States, the President feared, would extremely jeopardize the timely delivery of “desperately

¹⁰¹ Theodore A. Wilson, *The First Summit. Roosevelt and Churchill at Placentia Bay*. Revised Edition. (Lawrence, KS: University of Kansas Press, 1991). 230.

needed aid to the Allies – as happened during World War I.”¹⁰²

During the meetings at Placentia Bay both leaders composed the Atlantic Charter, on the record as the “Joint Declaration by the President and the Prime Minister.” The charter served as the ideological backbone of the war alliance against Germany and Japan, envisioning a perception of a world of peaceful nations after the defeat of the Axis powers. In the charter, both, President Roosevelt and Prime Minister Churchill reaffirmed the principle of self-determination as a universal human right, a principle inserted into diplomacy by President Wilson at the end of World War I, an idealistic conception of the world. The noble and ambitious objectives expressed made it attractive to many countries. On 24 September 1941, the exile governments of Belgium, Czechoslovakia, Greece, Luxembourg, the Netherlands, Norway, Poland and Yugoslavia signed the charter in London. The representatives of twenty-six countries joined the Atlantic Charter on 1 January 1942. “United Nations” became the commonly used name for the allied war coalition and the supporting countries.

The charter announced as its general objective the final destruction of the Nazi tyranny and the disarmament of the aggressor nations. Furthermore, the charter declares that countries should no longer seek territorial or other aggrandizements, that territorial changes can only be justified by the freely expressed wishes of the peoples concerned, and that all peoples have the right to choose the government under which they will live. Calling *inter alia* for free trade and unrestricted access to the high seas and oceans, the charter ends with a proposal to create a permanent system of general security.¹⁰³ Would vanquished Germany be treated according to

¹⁰² Ibid. 230.

¹⁰³ Atlantic Charter: “The President of the United States of America and the Prime Minister, Mr. Churchill, representing His Majesty’s Government in the United Kingdom, being met together, deem it right to make known certain common principles in the national policies of their respective countries on which they base their hopes for a better future for the world.

First, their countries seek no aggrandizement, territorial or other;

Second, they desire to see no territorial changes that do not accord with the freely expressed wishes of the peoples

the noble ambitions of the Atlantic Charter? Would the ideals of the Atlantic Charter prevail over the attempts of the war alliance to levy heavy charges on Germany, intended to marginalize it for a long time? Would it be possible to bring the realities on the ground – annexations, partitioning, industrial dismantling and pastoralization – which the military leaders faced on-site in Germany into compliance with the ideological considerations of the Atlantic Charter?

3.2. Casablanca Conference, 14-24 January 1943: Unconditional surrender

At the end of 1942 a positive trend emerged for the Allies. The start of the second battle of Alamein on 23 October by the British Eighth Army commanded by General Montgomery defined the beginning of the end of the Italian-German presence in North Africa. The landing of one hundred thousand Anglo-American troops on 8 November in Morocco increased the pressure on the Italian-German forces under Field Marshal Rommel to withdraw into Tunisia as the last bridgehead of the Axis Powers in Africa. The final stage of the battle of Stalingrad marked the turning point for the *Wehrmacht* in Russia, demanded Stalin's presence in the USSR. One can assume that these positive events quickened the pace of strategic planning at the Conference of Casablanca (14-24 January 1943) between President Roosevelt and Prime

concerned;

Third, they respect the right of all peoples to choose the form of government under which they will live; and they wish to see sovereign rights and self government restored to those who have been forcibly deprived of them;

Fourth, they will endeavor, with due respect for their existing obligations, to further the enjoyment by all States, great or small, victor or vanquished, of access, on equal terms, to the trade and to the raw materials of the world which are needed for their economic prosperity;

Fifth, they desire to bring about the fullest collaboration between all nations in the economic field with the object of securing, for all, improved labor standards, economic advancement and social security;

Sixth, after the final destruction of the Nazi tyranny, they hope to see established a peace which will afford to all nations the means of dwelling in safety within their own boundaries, and which will afford assurance that all the men in all lands may live out their lives in freedom from fear and want;

Seventh, such a peace should enable all men to traverse the high seas and oceans without hindrance;

Eighth, they believe that all of the nations of the world, for realistic as well as spiritual reasons must come to the abandonment of the use of force. Since no future peace can be maintained if land, sea or air armaments continue to be employed by nations which threaten, or may threaten, aggression outside of their frontiers, they believe, pending the establishment of a wider and permanent system of general security, that the disarmament of such nations is essential. They will likewise aid and encourage all other practicable measure which will lighten for peace-loving peoples the crushing burden of armaments." <http://avalon.law.yale.edu/wwii/atlantic.asp> accessed 2013-02-19.

Minister Churchill, and their military advisers General Marshall and Admiral King from the United States, as well as General Brooke, Field Marshal Dill, Air Chief Marshal Portal and Admiral Pound from Great Britain.

Militarily, the conference set the stage for the conduct of the war in 1943 by confirming the strategy proposed by the British. Wheeler-Bennett cites “the lack of co-ordination between the three American services, none of which was enthusiastic about Mediterranean operations but which had no coherent plan to suggest in the place of the British one.”¹⁰⁴ For the British, focused on Europe, Germany was the major adversary. With adequate U.S. participation they wanted to destroy the German U-Boot force in the Atlantic, to increase the air attacks on German cities and production facilities, to defeat the Axis Powers in North Africa soonest, to extend the British-American North Africa Campaign into Sicily, anticipating a break-off of Italy from Germany, and finally hoping to lure neutral Turkey on to the Allies’ side opening the Balkan peninsula for Allied penetration.¹⁰⁵

The major political event of the conference to the world, however, became the policy of Unconditional Surrender. At the press conference on 24 January, President Roosevelt’s notes included the passage cited by Wheeler-Bennett:

The President and the Prime Minister, after a complete survey of the world war situation, are more than ever determined that peace can come to the world only by a total elimination of German and Japanese war power. This involves the simple formula of placing the objective of this war in terms of unconditional surrender by Germany, Italy and Japan. Unconditional surrender by them means a reasonable assurance of world peace for generations. Unconditional surrender means not the destruction of the German populace, nor of the Italian or Japanese populace, but does mean the destruction of a philosophy in Germany, Italy and Japan which is based on the conquest and subjugation of other peoples.¹⁰⁶

¹⁰⁴ John Wheeler-Bennett, *The Semblance of Peace*. (London: Macmillan, 1972). 58.

¹⁰⁵ Ibid. 58.

¹⁰⁶ Ibid. 60.

Both, Wheeler-Bennett and Armstrong recall that President Roosevelt talked about the concept of unconditional surrender to the Joint Chiefs of Staff^{107 108} before he departed for Casablanca. According to Armstrong, General Grant used the term of unconditional surrender in 1862 attacking Fort Donelson in Tennessee. When asked about the terms of surrender by the Fort's commandant, Grant demanded unconditional surrender of the garrison. Anyway, nobody can compare the unconditional surrender of a single garrison with the unconditional surrender of a state. In recent history such a postulation between adversaries was never made; European wars ended in negotiated peace. To this day the legal definitions and the precise legal terms of unconditional surrender are not clear.¹⁰⁹

Prime Minister Churchill, as Michael Beschloss notes, "had his private doubts [about the policy of unconditional surrender as pursued by President Roosevelt] but was so dependent on Roosevelt's support of England that he strained to show enthusiasm."¹¹⁰ He worried "that unconditional surrender would cause Germans to struggle harder against the Allies and prolong the war,"¹¹¹ an argument paralleled by Michael Balfour, claiming that the policy would be "a free gift... made to Goebbels of which he made full use, spurring on the German people to make their resistance outlast their hopes of victory by harping on the horrors which would follow defeat."¹¹² In M. Balfour's view the policy of unconditional surrender proved to be disastrous as it discouraged German officials who were in a position to take Hitler out, "from making the

¹⁰⁷ Ibid. 56.

¹⁰⁸ Anne Armstrong, *Unconditional Surrender*. (New Brunswick: Rutgers University Press, 1961). 13.

¹⁰⁹ Ibid. 14-15.

¹¹⁰ Michael Beschloss, *The Conquerors*. (New York: Simon & Schuster, 2002). 13.

¹¹¹ Ibid. 14.

¹¹² Michael Balfour, "Another Look at 'Unconditional Surrender,'" *International Affairs*. Vol. 46. No. 4. (Oct. 1970). 719.

attempt by their inability to extract from the Allies any sort of assurance that such action would improve the treatment meted out to their country.”¹¹³

John Wheeler-Bennett points to the difficulties defining the term unconditional surrender. He cites British Foreign Minister Bevin claiming after the war that the policy of unconditional surrender

[l]eft us with a Germany without Law, without a Constitution, without a single person with whom we could deal, without a single institution to grapple with the situation, and we have had to build right from the bottom with nothing at all.¹¹⁴

However, one can argue that President Roosevelt’s policy of unconditional surrender aimed at maintaining and tightening the war alliance with the Soviet Union. Later on, the legal uncertainties of the term of unconditional surrender strained Allied policies.

3.3. Tehran Conference, 28 November-1 Dec 1943: Dismemberment of Germany

At the time of the Tehran Conference it seemed clear to the Allies that Germany would be defeated. Italy veered out of the pact with Hitler, joined the Allies and declared war on Germany on 13 October. In the east, the Red Army attacked successfully the Wehrmacht in the middle and southern section of the front. With the military achievements in mind the three leaders of the Allies, the ‘Big Three’ met in Tehran for the first time in person. “No formal agenda had been prepared. [President Roosevelt and Prime Minister Churchill] thought that unstructured discussion would be more conducive to agreement”¹¹⁵ with the Soviet leader, Marshal Stalin.

The Big Three formulated no new policies toward Germany; however, the exchange of views and opinions extremely influenced Germany’s future. The final statement of the

¹¹³ Ibid. 719-720.

¹¹⁴ John Wheeler-Bennett, *The Semblance of Peace*. (London: Macmillan, 1972). 62.

¹¹⁵ Vojtech Mastny, *Russia’s Road to the Cold War*. (New York: Columbia University Press, 1979). 122.

conference reiterated in Paragraph (a) the intent of the United States, Great Britain and the USSR to destroy the “German armies by land, their U Boats by sea, and their war plants from the air.” The Big Three called for a future of “a world family of Democratic Nations... look[ing] with confidence to the day when all people of the world may live free lives, untouched by tyranny, and according to their varying desires and their own consciences.”¹¹⁶ The single exclusive agreement of the conference listed in Paragraph (c) Military Conclusions of the Tehran Conference, (4), concluded, “Operation OVERLORD would be launched during May 1944, in conjunction with an operation in Southern France... Soviet forces would launch an offensive at about the same time with the object of preventing the German forces from transferring from the Eastern to the Western Front.”¹¹⁷

Several proposals for the dismemberment of Germany evolved prior to the Tehran Conference. As early as August 1943 at the QUADRANT Conference (17-24 August) the British suggested a partition of Germany into occupation zones. COSSAC (Chief of Staff to the Supreme Allied Commander) “assigned northwest Germany including the Ruhr to the British and the Rhine valley from the Swiss border to Düsseldorf to the Americans. [No attempt was made] to determine an eastern border...”¹¹⁸ Some time later a second British proposal argued to divide Germany into three parts. According to the planned force distribution of the operation OVERLORD, Great Britain would receive northwest Germany with the industrial heart of the Ruhr, the port cities Hamburg and Bremen, as well as the Kiel Canal. To the earlier identified southwestern zone of the U.S., a “sphere of influence in France [would be added] since the

¹¹⁶ <http://avalon.law.yale.edu/wwii/tehran.asp> accessed 2014-02-28.

¹¹⁷ Ibid.

¹¹⁸ Earl Frederick Ziemke, *The U.S. Army in the occupation of Germany, 1944-1946*. (Washington D.C.: US Government Printing Office, 1975). 115.

American lines of supply and communications would presumably ran across France.”¹¹⁹

President Roosevelt on his way to Cairo and Tehran, E. Ziemke furthermore reports, thought about dividing Germany into “three, possibly five separate states after the war [that] ought to conform to the geographic subdivisions of the country. He saw these entities as being a Roman Catholic south, a Protestant northwest extending to Berlin, and a northeastern region which he described as having ‘Prussianism’ as its religion.”¹²⁰ According to Ziemke, President Roosevelt liked neither the idea of a southwestern American zone, nor to be in any way dependent on a French government. He postulated it better for the United States to take the northwestern zone with its port cities granting easy lines of supply and communication. Berlin, in his opinion ought to be part of the U.S. Zone. All other segments of Germany to the east belonged to the USSR sphere of interest.

During the discussions and the exchange of opinions at Tehran, Marshal Stalin acted as the most outspoken proponent of German dismemberment. “‘If Germany is to be dismembered,’ M. Beschloss cites Stalin, ‘it should *really* be dismembered,’ singling out Prussia wasn’t enough.”¹²¹ President Roosevelt submitted a plan for a Germany of five autonomous states comprised of: “(1) Prussia (reduced), (2) Hanover and Northwest, (3) Saxony and Leipzig area, (4) Hesse-Darmstadt, Hesse-Kassel and the area south of the Rhine, (5) Bavaria, Baden and Wurtemberg—whereas the Kiel Canal and Hamburg, and the Ruhr and the Saar, to be under United Nations control.”¹²²

¹¹⁹ Ibid. 116.

¹²⁰ Ibid. 116.

¹²¹ Michael Beschloss, *The Conquerors*. 28.

¹²² Robert E. Sherwood, *Roosevelt and Hopkins*. (New York: Harper & Brothers, 1950). 797.

Prime Minister Churchill favored the “separation of Prussia and a loose grouping of southern and western German states.”¹²³ He envisioned that the southern states should join a Danubian Confederation¹²⁴ compiled of a resurrected Austria and Hungary, recreating “a larger version of the Austro-Hungarian Empire.”¹²⁵ Marshal Stalin, according to Anne Armstrong, “opposed this on the ground that the Germans would soon dominate any Danubian Confederation and maintained that all Germans, not merely Prussians, were dangerous...”¹²⁶ Churchill, the heir of a centuries-old balance of power policy on the continent feared the Russian intentions of a conglomeration of weak continental states open to Russian domination. Wheeler-Bennett characterized bluntly that “such a scheme of [a Danubian Confederation] was naturally most unpalatable for Marshal Stalin.”¹²⁷

No settlement could be reached among the Big Three over the question of the dismemberment of Germany. For further consideration and for a consent solution acceptable to all parties the problem was transferred to the newly formed European Advisory Commission (EAC).

Marshal Stalin demonstrated the grim outlook for Germany at the tripartite dinner on 29 November. “To prevent Germany from rising again within 15 or 20 years, [he] requested that (1) at least 50,000 and perhaps 100,000 of the German Commanding Staff must be physically liquidated, (2) the victorious Allies must retain possession of the important strategic points in the world so that if Germany moved a muscle she could be rapidly stopped. [Mitigating] President Roosevelt [added humorously that he] would put the figure of the German Commanding Staff

¹²³ Vojtech Mastny, *Russia's Road to the Cold War*. 127.

¹²⁴ Robert E. Sherwood, *Roosevelt and Hopkins*. 798.

¹²⁵ John Wheeler-Bennett, *The Semblance of Peace*. 166.

¹²⁶ Anne Armstrong, *Unconditional Surrender*. 67.

¹²⁷ John Wheeler-Bennett, *The Semblance of Peace*. 166.

which should be executed at 49,000 or more.”¹²⁸ Prime Minister Churchill, aroused by Stalin’s proposal and Roosevelt’s answer “took strong exception to what he termed cold blooded execution of soldiers who fought for their country... war criminals must pay for their crimes... they must stand trial. He objected vigorously, however, to executions for political purposes.”¹²⁹

Marshal Stalin, according to Anne Armstrong, requested that after the war, Germany should forfeit East Prussia and all areas east of the Oder River, as well as four million Germans should be transferred to the USSR for forced labor. “It was clear after Teheran that the Stalin definition of Unconditional Surrender had a Carthaginian flavor.”¹³⁰ Vojtech Mastny draws a conclusion from the Tehran Conference citing an assessment of the Soviet objectives by Charles E. Bohlen, President Roosevelt’s interpreter at the conference:

Germany is to be broken up and kept broken up. The states of eastern, southeastern and central Europe will not be permitted to group themselves into any federations or association. France is to be stripped of her colonies and strategic bases beyond her borders and will not be permitted to maintain any appreciable military establishment. Poland and Italy will remain approximately their present territorial size, but it is doubtful if either will be permitted to maintain any appreciable armed force. The result would be that the Soviet Union would be the only important military and political force on the continent of Europe. The rest of Europe would be reduced to military and political impotence.¹³¹

No wonder that Prime Minister Churchill saw the future of the European continent not too bright and not too auspicious.

¹²⁸ Minutes of the Tripartite Dinner Meeting, November 29, 1943, Soviet Embassy, 8:30 PM. <http://teachingamericanhistory.org/library/document/documents-on-the-grand-alliance-1942-1943> accessed 2014-02-03.

¹²⁹ Ibid.

¹³⁰ Anne Armstrong, *Unconditional Surrender*. 68.

¹³¹ Vojtech Mastny, *Russia’s Road to the Cold War*. 132.

3.4. Second Quebec Conference, 12-16 September 1944: The Morgenthau Plan

Probably the most decisive conference concerning the future of Germany was, beside the Tehran Conference, the Second Quebec Conference between President Roosevelt and Prime Minister Churchill in September 1944. The conference will forever be indelibly connected with the name of the Secretary of Treasury, Henry Morgenthau, Jr., a longtime member of President Roosevelt's administration.

Who was this Secretary of the Treasury, Henry Morgenthau, Jr.? The Morgenthau family with 10-year-old Henry, the father of the future Secretary of the U.S. Treasury, left the city of Mannheim in the Grand Duchy of Baden in 1866 and emigrated to New York. Henry, Senior finished his U.S. education at the Columbia Law School. He entered the New York real estate business making a fortune. A convinced democrat, he actively supported President Wilson's 1912 election campaign. Rewarded with the Turkish ambassadorship, the family without young Henry lived from 1913 to 1916 in Constantinople.

His report about *The Tragedy of Armenia*,¹³² describing the genocide of the Armenian people in the Ottoman Empire during World War I, as well as his report, as a special envoy of President Wilson, about a Polish pogrom on Jews in Lwów in eastern Poland may have laid the foundation for his son's future reaction to the mass killings of people and especially of Jews by Hitler's National Socialists in Eastern Europe. Herbert Levy explains in his book, *All in a Lifetime*, Henry Morgenthau, Sr.'s moral and ethical maxim. Investigating anti-Semitic cases in the newly re-created Poland, Morgenthau, Sr. stated to his Polish respondent that he is "to carry the flag of an older eighteenth-century, rationalist ideal... 'in my official capacity [as the chairman of a commission appointed by the President of the United States] I was no Jew, was not

¹³² <http://net.lib.byu.edu/~rdh7/wwi/comment/morgenthau/Morgen24.htm> Chapter XXIV The Murder of a Nation, accessed 2014-09-23.

even an American, but a representative of all civilized nations and their religions. I stood for tolerance in its broadest sense,”¹³³ disapproving the prevailing latent Social Darwinist tendencies.

Young Henry enrolled at “the most fashionable WASP boarding school,”¹³⁴ the Phillips Exeter Academy in New Hampshire. For the WASP, the White Anglo Saxon Protestants, the unofficial American nobility, Jews were not accepted as members of their influential circles, they were at the time second-class citizens, socially not acceptable. Henry’s classmates shared the prejudice of their parents. In a letter from September 1904 he writes that he had not “made any particular friends yet.”¹³⁵ His classmates never accepted him as an equal, causing loneliness and homesickness. His academic performance suffered from the psychological stress he endured. He left Exeter in 1907.

After an interlude at the Sachs Collegiate Institute he attended Cornell University to study architecture, the objective set by his father. However, his failing academic success prompted him to leave Cornell University without a degree in 1911. At a job in Hartford, Connecticut he contracted typhus. After recovery young Henry spent several weeks at a ranch in Texas for further recuperation. At the ranch he got the calling for what his future life should be: a farmer on his own farm.

A quick stint at Cornell University to study the basics of agriculture convinced his doubtful father to buy him a farm in upstate New York. Despite all of his plans, intentions and efforts the farm never paid for itself. Henry Morgenthau, Jr. was merely a gentlemen farmer like

¹³³ Herbert Levy, *Henry Morgenthau, Jr., The Remarkable Life of FDR’s Secretary of the Treasury*. (New York: Skyhorse Publishing, 2010), 42.

¹³⁴ Ibid., 48.

¹³⁵ Ibid.

his neighbor Franklin Delano Roosevelt. Neither was ever reliant on the returns of their farms for a living.

However, during the life at the farm Morgenthau befriended Roosevelt. The hard farm work made him aware of the hardship and misery farmers suffered in upstate New York. Morgenthau acquired in 1922 the magazine *The American Agriculturalist*, turning it into an organ for scientific-based agriculture, for conservation and land rehabilitation, as well as for improving the working conditions of farmers. He became Roosevelt's specialist for all questions related to agriculture, farming and conservation in Roosevelt's election campaign for governor of the state of New York in 1928, Roosevelt winning the governorship "'by a razor's edge of 25,564 votes out of 4,234,822 cast.'"¹³⁶

As governor, Roosevelt appointed Henry, Jr. to the chairmanship of the New York State Agricultural Advisory Committee and to the State Conservation Commission. Governor Roosevelt signed into law a cavalcade of agricultural bills proposed by the Agricultural Advisory Committee supporting farmers and rural counties. As a result of all the laws Roosevelt was reelected in 1930 with an "enormous majority of 725,000 votes,"¹³⁷ compared to the 25,564 votes in the 1928 election.

The Morgenthau-induced agricultural legislation in New York State made democratic Roosevelt an acceptable candidate for president in the republican-dominated agricultural Midwestern states in 1932. During his time at the New York state government Henry Morgenthau demonstrated, as Herbert Levy mentions "unanticipated administrative skills."¹³⁸ John Morton Blum added in *Roosevelt and Morgenthau* that "Morgenthau had a clear public 'philosophy:' 'if you care enough about seeing a thing go through, work out a plan, get the best

¹³⁶ Ibid., 206.

¹³⁷ Ibid., 227.

¹³⁸ Ibid., 228.

people to help you (here again real ability to know who the best people are) then present it to whomever you think has the best chance of putting it through, and forget about yourself.”¹³⁹

Morgenthau’s “talent in selecting expert advisers, his ability to take their advice, and his willingness to delegate the authority they needed to do their job,”¹⁴⁰ made him, besides his outmost loyalty and friendship to the president, an extremely valuable and reliable collaborator as demonstrated again during his tenure as Secretary of the Treasury from 1934 to 1945.

His father’s experience with the Armenian genocide, Henry, Jr.’s experiences at boarding school and college/university being treated as inferior by his WASP classmates, together with the news of mass killings by Germans may have triggered the idea to preclude further mass murder of Jews. He proposed to eliminate Germany as a powerful country able to dominate its neighbor countries and able to wage another war. However, Morgenthau did not take into account that his plan would delay the recovery of Europe for a long time. His proposal of an agriculture-based partitioned Germany also implied the emigration or starvation of more than 25 million Germans.

Regardless which reasons motivated Morgenthau, the scope of scholarly judgments about his proposal is enormous. Franklin M. Davis Jr. argues in his book, *Come as a Conqueror*, “that the Morgenthau Plan was based on sheer revenge and was not an attempt to consider the realities of postwar power relationships among the Allies within Germany and in Europe.”¹⁴¹ E.F. Penrose remembers discussing with Morgenthau the idea of an agricultural Germany. His remark to Morgenthau that the proposed change “was impossible because of the ratio of population to cultivable land [Morgenthau brushed aside by offering] that the surplus population should be dumped into North Africa.”¹⁴²

¹³⁹ John Morton Blum, *Roosevelt and Morgenthau*. (Boston: Houghton Mifflin Company, 1972), 16-7.

¹⁴⁰ *Ibid.*, 17.

¹⁴¹ Franklin M. Davis, Jr., *Come as a Conqueror*. (New York: The Macmillan Company, 1967), 85.

¹⁴² E.F. Penrose, *Economic Planning for the Peace*. (Princeton, NJ.: Princeton University Press, 1953). 248.

In *Die Amerikanische Reparationspolitik gegenüber Deutschland 1941-1945*, the German scholar Otto Nübel referred to Morgenthau as the “trend-setting person [during 1944] in the fight to determine U.S. policies toward Germany. His close assistant White only reluctantly supported Morgenthau’s proposals fearing that the merciless decisions [of Morgenthau’s plan] would have abominable consequences.”¹⁴³ Nübel harshly criticized “the pandemonium of truths, half-truths and unfounded assertions [of the Treasury]... [and] the economic dubiousness of the causal chains of arguments apparent. It was the exclusive reason for the Treasury [and its Secretary Morgenthau] to enforce the program [called Morgenthau Plan] to eliminate [Germany once and for all].”¹⁴⁴

Herbert Levy moderately judged that the division of Germany “would be [a] simplified replica of the politically decentralized Holy Roman Empire... the world... [of] Beethoven, Mozart, Haydn, Kant, Goethe, Schiller... the world of idealistic rationalists,”¹⁴⁵ averse to the derailments of humanity in the 20th century. However, Levy conceded that Morgenthau’s plan “retrospectively—was unfortunately naïve.”¹⁴⁶ The German historian, Hans-Peter Schwarz, assumes that Morgenthau had a certain desire for revenge, however, he assessed the Morgenthau Plan mainly as an example of a policy of reconciliation between British and Soviet national interests at the expense of defeated Germany.¹⁴⁷ Schwarz’ position seems more rational compared with the ‘sheer revenge’ of Davis’ argument and the ‘naïvety’ Levy represented. However, Penrose’s and Nübel’s arguments can emphasize the belief that revenge and retaliation, conscious or unknowingly, dictated or at least influenced Morgenthau’s actions.

¹⁴³ Otto Nübel, *Die Amerikanische Reparationspolitik gegenüber Deutschland 1941-1945*. (Frankfurt am Main: Alfred Metzner Verlag, 1980). 91.

¹⁴⁴ Ibid., 93.

¹⁴⁵ Herbert Levy, *Henry Morgenthau, Jr.* 445.

¹⁴⁶ Ibid., 448.

¹⁴⁷ Hans-Peter Schwarz, *Vom Reich zur Bundesrepublik*. 2. Erweiterte Auflage. (Stuttgart: Klett-Cotta, 1980). 58.

In contrast, Friedrich Jerchow in *Deutschland in der Weltwirtschaft 1944-1947* concentrated on economics. He contended “one of the substantial reasons of Morgenthau’s plan for Germany was the elimination of the German competition at the world market and its replacement by the United States.”¹⁴⁸ Increasing exports to fight expected unemployment after the war was a stated objective of U.S. foreign policy.

According to politicians like Secretary of State, Cordell Hull, in his memoirs¹⁴⁹ and Thomas E. Dewey,¹⁵⁰ both stated that the consequences of the Second Conference of Quebec would cost dearly in prolonged fighting and of unnecessarily lost lives of Allied soldiers; not to mention the victims of Morgenthau’s policies among the *Wehrmacht* and the German population prior to and past the unconditional surrender. In the end, Morgenthau’s policies particularly those regarding deindustrialization would cause the American taxpayers to provide large amounts of food to postwar Germany to prevent mass starvation.

When President Roosevelt agreed to Marshal Stalin’s objectives of Germany’s dismemberment, partition and deindustrialization at Tehran he became, according to John Wheeler-Bennett, an easy “target for the rabid views on Germany propounded by his old friend and Secretary of Treasury, Henry J. Morgenthau,”¹⁵¹ reinforcing his own negative attitude toward Germans in particular.¹⁵²

As of July 1944, Henry Morgenthau had only marginally been concerned with the treatment of Germany after victory. He writes in his book, *Germany Is Our Problem*, that he

¹⁴⁸ Friedrich Jerchow, *Deutschland in der Weltwirtschaft 1944-1947*. (Düsseldorf: Droste Verlag, 1978). 114.

¹⁴⁹ Cordell Hull. *The Memoirs of Cordell Hull*. New York: Macmillan Company. 1948. The Secretary of State warned on p. 1614: If the Morgenthau plan leaked out, as it inevitably would—and shortly did—it might well mean bitter-end German resistance that could cause the loss of thousands of American lives.

¹⁵⁰ Earl F. Ziemke. *The U.S. Army in the occupation of Germany, 1944-1946*. 107: In a speech on 18 October the Republican candidate for president, Gov. Thomas E. Dewey, had accused the Roosevelt administration of stiffening the German resistance by its policy towards Germany.

¹⁵¹ John Wheeler-Bennett, *The Semblance of Peace*. 175.

¹⁵² Michael Beschloss, *The Conquerors*. 10.

“had been led into the whole problem by questions of reparations, currency and financial controls. [In his perception] these could not be divorced from the broader aspects of what to do with Germany.”¹⁵³ However, reiterating Morgenthau’s deficit in knowledge, John Morton Blum states, “at the end of July 1944, Morgenthau knew nothing about the State Department memoranda or about the planning for Germany that had gone on at Teheran and in London [at the European Advisory Commission].”¹⁵⁴

In Washington, several committees at the State Department studied the issues of a defeated Germany occupied by three different national military forces. Likewise, several committees at the War Department considered these issues. Should there be a harsh and punitive peace? Or should Germany be treated more leniently? Until Morgenthau’s engagement into the case of postwar Germany’s treatment,

the [State] Department’s postwar committee... recommended against the partition of Germany and against a harsh peace, though it accepted the idea of zones of occupation. Further, it endorsed a statement on economic policy toward Germany by the interdepartmental Executive Committee on Economic Foreign Policy... The memorandum advocated a limited control of the German economy and the elimination of Germany’s economic domination of Europe, but the eventual reabsorption of Germany into the world economy.¹⁵⁵

Of the work done by General Eisenhower’s staff at the Supreme Headquarter Allied Expeditionary Force (SHAEF), the Secretary of Treasury had no knowledge.

During a trip to France and Great Britain in early August 1944, Morgenthau received a draft of the *Handbook for Military Government in Germany* prepared by General Eisenhower’s German Country Unit in his Supreme Headquarters Allied Expeditionary Force.¹⁵⁶ The general tone of the Handbook assumed that Nazism would be eliminated, the Allied forces invading

¹⁵³ Henry Morgenthau Jr., *Germany Is Our Problem*. (New York: Harper & Brothers Publishers, 1945). XI.

¹⁵⁴ Blum, *Roosevelt and Morgenthau*. 564.

¹⁵⁵ Ibid. 563-4.

¹⁵⁶ Michael Beschloss, *The Conquerors*. 71.

Germany “should restore as quickly as possible the official functioning of the German civilian government in the area for which you are responsible. German industry must be buttressed to support the Germans and keep Europe on an even keel. Every German must be promised two thousand calories of food per day.”¹⁵⁷ Judging by his personal opinion and prejudice,¹⁵⁸ Morgenthau felt that the President should not be compelled to support such lenient treatment for Germany. Only with a Germany radically dispossessed of heavy industry, reduced in size and partitioned could the peace of the world be guaranteed.

The memorandum of the State Department, the policies proposed by the EAC, as well as the *Handbook for Military Government in Germany* raised Morgenthau’s suspicions of a U.S. plan to treat Germany in a forgiving manner. Henry Morgenthau Jr. felt it was his call and duty to ensure that defeated Germany should be punished severely. During a conversation with President Roosevelt on 19 August, Morgenthau reviewed his awareness from his preceding trip to Europe that “nobody... ‘Has been studying how to treat Germany roughly along the lines you wanted.’”¹⁵⁹ The President answered Morgenthau’s statement according to John Morton Blum as follows: “We have got to be tough with Germany and I mean the German people not just the Nazis. We either have to castrate the German people or you have got to treat them in such a manner so they can’t just go on reproducing people...”¹⁶⁰ In Morgenthau’s words the President “left no doubt whatsoever in my mind that he personally wants to be tough with the Germans.”¹⁶¹ As Eleanor Roosevelt remembers, “at least a month before the Quebec conference, my husband had received memoranda from Secretary Hull, Secretary Stimson and Secretary Morgenthau,

¹⁵⁷ Ibid. 71-2.

¹⁵⁸ Henry L. Stimson, McGeorge Bundy, *On Active Service in Peace and War*. (New York: Harper & Brothers, 1948). 569.

¹⁵⁹ Blum, *Roosevelt and Morgenthau*. 572.

¹⁶⁰ Ibid. 572.

¹⁶¹ Ibid. 572-3.

members of the Cabinet Committee he had set up to recommend a plan for the post-war treatment of Germany. All were carefully considered, so it is fair to surmise that Henry Morgenthau's plan more closely met the needs of the situation as Franklin saw it."¹⁶²

Despite strong objections from the State and War Departments to Morgenthau's intentions, the President still supported Morgenthau's ideas. In a letter to Secretary of War, Stimson, Roosevelt pointed out his displeasure with the *Handbook for Military Government in Germany*. According to his letter, the President was concerned that Germany would be treated like the liberated nations of Belgium or the Netherlands. He uttered that "every person in Germany should realize that this time Germany is a defeated nation. I do not want them to starve to death, but, as an example, if they need food to keep body and soul together beyond what they have, they should be fed three times a day with soup from Army soup kitchens."¹⁶³

Morgenthau's conversation with the President convinced him to draft a proposal for the treatment of Germany. Guided by Morgenthau's personal supervision, a committee of Harry White, John Pehle, and Ansel Luxford incubated a memorandum for the Secretary, later infamously known only as the Morgenthau Plan (see Appendix A).

On 9 September, during the last meeting of the Cabinet Committee on Germany, before the President left for Quebec to confer with Prime Minister Churchill, Morgenthau handed out his final plan, the "Program to Prevent Germany from Starting a World War III" to the President, the Secretary of State and the Secretary of War. According to Morgenthau's plan, all German heavy industry and war-related industry would be transferred to liberated countries or be destroyed. The Ruhr area, the industrial powerhouse of Germany, and adjacent industrial centers would be stripped of all plants. All coalmines would be stripped of equipment and the mines

¹⁶² Eleanor Roosevelt, *This I Remember*. (New York: Harper & Brothers, 1949). 332.

¹⁶³ Ibid. 577.

closed down completely. Germany would lose all territory east of the Oder River, as well as the Saar region and the area between the Rhine and Mosel Rivers. The Ruhr area and parts of northern Germany, including the Kiel Canal would be internationalized (see Appendix B).

The remaining part of Germany had to be divided into an independent North German state and a South German state. The South German state could form a customs union with a revitalized Austria. Agriculture would be the basis for living for the German people and a source of employment for the Germans previously working in dismantled industries.

At the meeting, President Roosevelt took up one of Morgenthau's topics scanning the memorandum and in a loud voice "It is a fallacy that Europe needs a strong industrial Germany. Roosevelt said this was the first time he had seen it stated: All the economists disagree, but I agree with that... Furthermore, I believe in an agricultural Germany."¹⁶⁴ As to be expected, Stimson, the Secretary of War declared, according to Michael Beschloss, "he was unalterably opposed to Morgenthau's desire that German industry be substantially obliterated. He also derided the eagerness to put so-called arch-criminals to death without trial. [Morgenthau's Plan] would breed war, not peace."¹⁶⁵

The severity of punishment toward Germany permitted by the Morgenthau Plan is evident. Germany would be thrown back to a state of affairs a hundred years earlier. With Germany decimated and emasculated, a major competitor in international trade ceased to exist. As the Secretary of War remembers, "the mines and mills of the Ruhr had indeed been a depressing competitor of Great Britain particularly."¹⁶⁶

Closing down the Ruhr industry, Morgenthau argued, would revitalize and energize the British coal and iron industries. Morgenthau "asserted that England had coal enough to supply

¹⁶⁴ Michael Beschloss, *The Conquerors*. 117.

¹⁶⁵ Ibid. 117.

¹⁶⁶ Henry L. Stimson, McGeorge Bundy, *On Active Service in Peace and War*. 574.

its present output for five hundred years! [To the Secretary of War, this statement] certainly is contrary to everything I have heard about the mines of Great Britain which have been constantly asserted to have been dug so deep as to become almost uneconomic.”¹⁶⁷ Secretary of State Cordell Hull in his memoirs, put the objective of the Morgenthau Plan in a nutshell claiming, “Morgenthau’s plan was out of all reason... [it] would wipe out everything in Germany except land, and the Germans would have to live on the land. This meant that only 60 per cent of the German population could support themselves on German land, and the other 40 per cent would die.”¹⁶⁸ Bluntly stated, Morgenthau designed his plan to destroy Germany once and for all as the major power in Europe and as a significant competitor in world trade. In the same direction, aims John Dietrich in his book, *The Morgenthau Plan: Soviet Influence on American Postwar Policy*, citing a senior historian at the U.S. Army Center for Military History claiming that

The plans made at the highest levels of the US and British governments in 1944 expressed a determination to destroy Germany as a world power once and for all by reducing her to a peasant economy, although this would mean the starvation of millions of civilians.¹⁶⁹

Whatever objections the Secretary of War and the Secretary of State made at the meeting, President Roosevelt sided with the proposal of the Secretary of Treasury, Henry Morgenthau. With Morgenthau’s memorandum on hand the President left for the meeting with Prime Minister Churchill, arriving in Quebec in the morning of the 11 September.

It is not necessary to go into the details of the conference. Prime Minister Churchill’s attendance was mainly to secure further financial aid from the United States. He was not prepared to discuss German matters. At the dinner on 13 September, Morgenthau presented his plan for the elimination of the German heavy industry. According to John Wheeler-Bennett the

¹⁶⁷ Ibid. 574.

¹⁶⁸ Cordell Hull, *The Memoirs of Cordell Hull*. (New York: Macmillan Company, 1948). 1617.

¹⁶⁹ John Dietrich, *The Morgenthau Plan: Soviet Influence on American Postwar Policy*. (New York: Algora Publishing, 2002). 3.

Prime Minister “was violently opposed [to Morgenthau’s proposal]... Had he been brought over to Quebec to discuss a scheme such as this... England would be chained to a dead body.”¹⁷⁰

An interesting aspect of the discussion Michael Beschloss provides, claiming that “the Prime Minister was clearly worried that Roosevelt would use the Morgenthau Plan as an excuse to reduce future Lend-Lease aid to Britain: If crushing German industry gave new export opportunities for Britain, why should Churchill need so much American cash?”¹⁷¹ The discussion went nowhere that evening. President Roosevelt recommended that Morgenthau and Lord Cherwell, the Prime Minister’s friend and advisor, should try to come to an agreement about the proposed handling of Germany. Lord Cherwell, according to John Wheeler-Bennett, hated Nazi Germany and had “an almost medieval desire for revenge... he saw the matter as somewhat in the nature of a *Kuhhandel*... Mr. Churchill very much wanted financial assistance from the United States; Mr. Morgenthau very much wanted his document on Germany signed.”¹⁷² Along these lines Michael Beschloss argues that a softer language and some modifications proposed by Lord Cherwell converted the Prime Minister from his opposition of the previous evening.¹⁷³

On 15 September, President Roosevelt signed an agreement providing \$6.5 billion financial aid to Great Britain. Prime Minister Churchill himself dictated a memorandum supporting Morgenthau’s proposal. Initialed by the President and the Prime Minister, the agreement states:

At a conference between the President and the Prime Minister upon the best measures to prevent renewed rearmament by Germany, it was felt that an essential feature was the future disposition of the Ruhr and the Saar.

¹⁷⁰ John Wheeler-Bennett, *The Semblance of Peace*. 179.

¹⁷¹ Michael Beschloss, *The Conquerors*. 126.

¹⁷² John Wheeler-Bennett, *The Semblance of Peace*. 179.

¹⁷³ Michael Beschloss, *The Conquerors*. 129.

The ease with which the metallurgical, chemical, and electric industries in Germany can be converted from peace to war has already been impressed upon us by bitter experience. It must also be remembered that the Germans have devastated a large portion of the industries of Russia and of other neighboring Allies, and it is only in accordance with justice that these injured countries should be entitled to remove the machinery they require in order to repair the losses they have suffered. The industries referred to in the Ruhr and in the Saar would therefore be necessarily put out of action and closed down. It was felt that the two districts should be put under some body under the world organization which would supervise the dismantling of these industries and make sure that they were not started up again by some subterfuge.

This programme for eliminating the war-making industries in the Ruhr and in the Saar is looking forward to converting Germany into a country primarily agricultural and pastoral in its character.

The Prime Minister and the President were in agreement upon this programme.

O.K.
F.D.R
W.S.C.
15 9.

September 16, 1944¹⁷⁴

Also at Quebec, the President consented to a switch in the allotted occupation zones. The British would occupy the northern part of Germany, while the United States would get the southern part of Germany with an enclave at Bremen harbor to secure lines of communication independent of the lines of communication already running through France.

There are certainly many good reasons for the results of the Quebec Conference.

However, there is also ample evidence for negative consequences, as John Dietrich reports:

That at the Quebec Conference itself the President agreed to a \$6.5 billion credit to the British in order to gain Churchill's acceptance of the [Morgenthau] plan. It is also possible that the President agreed to an exchange of zones of occupation with the British for the same reason. Prior to the conference, the President's advisers had pointed out that the destruction of the German economy would lead to a general collapse of the European economy. This would require the US taxpayers to provide billions of dollars in financial aid to Europe... However, Roosevelt was willing to accept the political fallout... He was also informed that it would naturally stiffen German military resistance,

¹⁷⁴ Henry L. Stimson, McGeorge Bundy, *On Active Service in Peace and War*. 576-7.

leading to increased Allied casualties; yet President Roosevelt and Prime Minister Churchill were willing to agree to the plan's implementation.¹⁷⁵

The results of Quebec proved to be a big victory for the President and especially for the Secretary of Treasury. With the strong support of the President and a looming threat of losing financial aid he was able together with Lord Cherwell to convince a reluctant Prime Minister to his plan. Back home from Quebec, Morgenthau reported to his inner circle at the Treasury Department that

The thing at Quebec... was unbelievable good... As far as I want personally, it was the high spot of my whole career in the Government...I can't overemphasize how helpful Lord Cherwell was because he would advise me how to handle Churchill... Roosevelt was very firm through the whole thing, and I imagine the reason he sent for me was he had tried this [the Morgenthau Plan] out on Churchill and got nowhere. He then cabled me to come on up.¹⁷⁶

One has to doubt President Roosevelt's later statement, after the public agitation in the media when Morgenthau's Plan was leaked to the press: Roosevelt said he had not read carefully the memorandum drafted in his presence, signed by him and the Prime Minister at Quebec.

However, Roosevelt's persistent and strong support of Morgenthau disclosed his real feelings toward a defeated Germany independent of the political, military and economic consequences. James Bacque reinforces President Roosevelt's support of Morgenthau by citing from the Presidential Diary of 11 April 1945 "the president's last words to him [Morgenthau] on policy were, 'Harry, I am with you 100%.'"¹⁷⁷ John Dietrich remarks with some vitriolic that "there is no excuse for professional historians accepting Roosevelt's contention that he initialed the Morgenthau Plan 'without much thought.'"¹⁷⁸

¹⁷⁵ John Dietrich, *The Morgenthau Plan: Soviet Influence on American Postwar Policy*. 12.

¹⁷⁶ Blum, *Roosevelt and Morgenthau*. 598.

¹⁷⁷ James Bacque, *Other Losses*. (Toronto: Stoddart Publishing Co., 1989). 32.

¹⁷⁸ John Dietrich, *The Morgenthau Plan: Soviet Influence on American Postwar Policy*. 67.

The blistering negative response of the media toward Morgenthau's plan impressed the President. Considering his upcoming reelection campaign, the public response to the plan prompted him to openly distance himself from the Morgenthau Plan. According to John Morton Blum, Henry L. Stimson and McGeorge Bundy, the President declared to his cabinet members that there was really "no intention of turning Germany into an agrarian state."¹⁷⁹ Nevertheless, whatever Roosevelt said in the public during and after his reelection campaign, he never officially renounced the Morgenthau Plan as an official policy. The utterance from his diary referred to above implied President Roosevelt's core credo with regard to Germany. This impression had in later years Lord Robertson of Oakridge, a commander of the British occupation force and later Great Britain's High Commissioner in Germany stating in an article that "the cruel inhumanity of the Morgenthau plan for stripping Germany of all her industry went too far even for Roosevelt, but the plan had been shelved rather than dropped."¹⁸⁰

Despite opposition and objections, Morgenthau's Plan unequivocally affected the future government policy toward Germany. As David Rees put it in his book *Harry Dexter White*, Morgenthau's ideas were not abandoned, neither by the President nor by several cabinet members. He states that:

The public uproar over the Morgenthau Plan and the apparent retreat from the Quebec memorandum by Roosevelt and Churchill obscured the fact that in the immediate aftermath of Octagon the post surrender "Draft Interim Directive" for Germany had been approved by the President and the Cabinet Committee before its dissolution. In some of its most important provisions, the Directive, an official secret document known as JCS 1067, followed the spirit of the treasury proposals for Germany.¹⁸¹

¹⁷⁹ Blum, *Roosevelt and Morgenthau*. 605. Henry L. Stimson, McGeorge Bundy. *On Active Service in Peace and War*. 581.

¹⁸⁰ Brian Hubert Robertson. Lord of Oakridge. "A Miracle? Potsdam 1945-Western Germany 1965." *International Affairs (Royal Institute of International Affairs 1944-)*. Vol. 41. No. 3. (Jul. 1965). 402.

¹⁸¹ David Rees, *Harry Dexter White*. (New York: Coward, Mc Cann & Geoghehan, 1973). 289.

3.5. The Joint Chief of Staff Directive 1067: The Morgenthau Plan reanimated

Henry Morgenthau wrote his “Program to Prevent Germany from starting a World War III” after reading with disgust a draft of the *Handbook for Military Government in Germany* prepared by SHAEF. In *Germany Is Our Problem*, he explained his firm conviction that “all our hopes and yearning for peace will fade and die unless we build upon a firm foundation, the foundation of an assured end to German aggression,”¹⁸² and “Germany and the world will be a great deal safer and happier if the Reich loses her war potential.”¹⁸³

How is it, that Morgenthau’s recommendations, so harshly scathed by the media when his plan became public, were included in the Potsdam Protocol? Morgenthau asserts in *Germany Is Our Problem*, “the basic principles of [his] program have represented the official position of the United States Government... [and the] Allies were seeking to carry out the objectives of that policy.”¹⁸⁴ One has to remember President Roosevelt distanced himself publicly from Morgenthau’s ideas during his reelection campaign and pressured by internal resistance; however, Roosevelt never officially renounced the Morgenthau Plan. E.F. Penrose supports Morgenthau’s claim in *Economic Planning for the Peace* as partially valid. Nevertheless, he restrains Morgenthau’s reasoning by stating “President Roosevelt and other high-ranking statesmen gave [Morgenthau’s ideas] considered approval that he [Morgenthau] is distorting historical facts.”¹⁸⁵ One can argue along the line of Penrose that it was the President’s “failure to adjudicate decisively between incompatible views among his cabinet officers that led to a ‘compromise’ drawn up at ‘lower levels’ which permitted large parts of the Morgenthau plan to

¹⁸² Henry Morgenthau Jr., *Germany Is Our Problem*. XIII.

¹⁸³ Ibid., 116.

¹⁸⁴ Ibid., XII.

¹⁸⁵ E.F. Penrose, *Economic Planning for the Peace*. (Princeton: Princeton University Press, 1953). 294.

creep in.”¹⁸⁶ Approved or not by the President, fact is Morgenthau’s ideas not only succeeded to be integrated into the Directive JCS 1067, but also via JCS 1067, they infiltrated the Potsdam Protocol, too.

The draft of the *Handbook for Military Government in Germany*, which aroused Morgenthau’s misgivings, had been formulated in accordance with the guidelines defined by the Combined Chiefs of Staff. It contained, as Warren F. Kimball in *Swords or Ploughshares? The Morgenthau Plan for Defeated Nazi Germany, 1943-1946*, reports inter alia:

Your main... task is to get things running, to restore as quickly as possible the official functioning of the German civil government... Military Government... will be concerned [with]: ...the promotion of agriculture; the control, supply and distribution of food and essential supplies of every kind; the restoration and maintenance of public utilities; the provision for the gradual rehabilitation of peacetime industry and a regulated economy...

Military Government officers will... ensure that steps are taken to: (1) Import needed commodities and stores. (2) Convert industrial plants from war to consumer goods production. (3) Subsidize essential economic activities where necessary. (4) Reconstruct German foreign trade with priority for the needs of the United Nations. (5) Modify existing German regulations controlling industrial and raw material production.

The highly centralized German administrative system is to be retained... All possible steps will be taken to ensure the utilization of German economic, material and industrial facilities ... to provide such raw materials, goods, supplies or services as are required for military and essential civilian needs, and... to provide surpluses for international transfer, supplies for reparational requisition, and legitimate industrial stock-piling.

The Agricultural economy will be freed of Nazi discrimination. It will not otherwise be changed except where direct advantages are to be gained... International boundaries will be deemed to be as they were on 31 December 1937.¹⁸⁷

The *Handbook for Military Government in Germany*, not only the draft Morgenthau read, but also the final version approved by General Eisenhower in December 1944 did not call for Germany’s dismemberment, for partition, for annexations, for internationalization and

¹⁸⁶ Ibid., 294.

¹⁸⁷ Warren F. Kimball, *Swords or Ploughshares? The Morgenthau Plan for Defeated Nazi Germany, 1943-1946*. (Philadelphia: J.B. Lippincott Company, 1976). 98-100.

pastoralization. Indeed, both versions were much more lenient and realistic than Morgenthau's recommendations.

If the Handbook treated Germany too lenient as Morgenthau assumed, the Directive JCS 1067, ruling Germany's fate for two years contained a great deal of Morgenthau's proposals. In September 1944, the Civil Affairs Division (CAD) of the War Department published a draft of the "Directive to the Supreme Commander Allied Expeditionary Force Regarding the Military Government of Germany in the Period Immediately Following the Cessation of Organized Resistance," better known later under the acronym "Directive of the Joint Chiefs of Staff 1067,"¹⁸⁸ or JCS 1067.

The draft, influenced by the ongoing conflicts between the Departments of State, War and Treasury and discussions at the highest level of government, became in its finally approved version a palingenesis of Morgenthau's original ideas with minor changes and with conciliatory wordings. Henry Morgenthau notes emphatically in *Germany Is Our Problem* that his ideas concerning the treatment of Germany were, via JCS 1067, introduced into the Potsdam Protocol. His objective, as he reasoned in the openings of his book "is not to argue with any specific details of the Potsdam Declaration, but to state for the country the philosophy which went into the formulation of American policy embodied in the Declaration."¹⁸⁹

JCS 1067, infamous like the Morgenthau Plan, aimed to control and regulate occupied Germany. The United States tried to convince the other Allies to adopt JCS 1067, however, the realities at the Allied Control Council, the supreme governing authority, the realities on the ground in Germany and the differing national interests prevented unanimous acceptance. Each of the Allies had their own objectives and policies, no one intended to pastoralize Germany.

¹⁸⁸ <http://avalon.yale.edu/wwii/ger02.asp> accessed 2014-03-25.

¹⁸⁹ Henry Morgenthau Jr., *Germany Is Our problem*. XII.

Secretary of War, Henry Stimson—his own department responsible for the directive—made a striking judgment of JCS 1067 two years later. Reading the directive again he “found it a painfully negative document.”¹⁹⁰ John Wheeler-Bennett even more harshly condemned the directive contemplating that JCS 1067 “was, in effect, an official but diluted version of the Morgenthau Plan... intended to punish the German people collectively and indiscriminately by reducing their standard of living to a drastic degree... The Occupation authorities were specially forbidden to take any steps to rehabilitate the German economy except to increase to the maximum agricultural production.”¹⁹¹ Robert Murphy, General Eisenhower’s, and General Clay’s political adviser on German affairs went a step further. He cites, in *Diplomat Among Warriors*, Lewis W. Douglas, General Clay’s financial adviser, remembering, “Clay’s advisers were shocked by the detailed prohibitions described in JCS 1067. Douglas exclaimed, ‘This thing was assembled by economic idiots! It makes no sense to forbid the most skilled workers in Europe from producing as much as they can for a continent which is desperately short of everything!’”¹⁹²

What did the directive JCS 1067 actually express? In its three parts the directive deals with all aspects of German life. The directive, taking into account the possibility that the Allied Control Council – requiring unanimity in its decisions – would neutralize itself, delegated for this reason extraordinary and extensive powers to the commander of the U.S. occupation zone. The “Directive to the Commander-in-Chief of United States Forces of Occupation Regarding the Military Government of Germany” required the commander in the preamble to “urge the adoption by the other occupying powers of the principles and policies set forth in this directive... It is anticipated that substantially similar directives will be issued to the [other commanders].”

¹⁹⁰ Henry L. Stimson, *On Active Duty In Peace And War*. 582.

¹⁹¹ John Wheeler-Bennett, *The Semblance of Peace*. 186.

¹⁹² Robert Murphy, *Diplomat Among Warriors*. (Westport, CT: Greenwood Press Publishers, 1964). 251.

The directive's three parts address the general-political, economic, and financial problems of the occupation. Paragraph 4 in Part I states the essential objectives of

Military Government in Germany:

- a. It should be brought home to the Germans that Germany's ruthless warfare and the fanatical Nazi resistance have destroyed the German economy and made chaos and suffering inevitable and that the Germans cannot escape responsibility for what they have brought upon themselves.
- b. Germany will not be occupied for the purpose of liberation but as a defeated enemy nation. Your aim is not oppression but to occupy Germany for the purpose of realizing certain important Allied objectives. In the conduct of your occupation and administration you should be just firm and aloof. You will strongly discourage fraternization with the German officials and population.
- c. The principal Allied objective is to prevent Germany from ever again becoming a threat to the peace of the world. Essential steps in the accomplishment of this objective are the elimination of Nazism and militarism in all their forms, the immediate apprehension of war criminals for punishment, the industrial disarmament and demilitarization of Germany, with continuing control over Germany's capacity to make war, and the preparation for an eventual reconstruction of German political life on a democratic basis.
- d. Other Allied objectives are to enforce the program of reparations and restitution, to provide relief for the benefit of countries devastated by Nazi aggression, and to ensure that prisoners of war and displaced persons of the United Nations are cared for and repatriated.

The economic controls cited in Paragraph 5 strictly limit German economic activities to the objectives listed in Paragraph 4. It gives the commander the authority to permit economic activities if they are "essential to protect the safety and meet the needs of the occupying forces..." The following sentence to "...assure the production and maintenance of goods and services required to prevent starvation or such disease and unrest as would endanger these forces," however, gave the commander on the ground ample leeway to moderate the harsh instructions. The next phrase of the paragraph demands that the German living conditions should not exceed the existing level of its neighbor countries.

The Military Government will administer and control the German economy according to Paragraph 16 in Part II of the directive. Paragraph 4 and 5 of Part I dictate the scope and the

limits of economic activity. Paragraph 16 states exclusively that “economic controls will be imposed only to the extent necessary to accomplish these objectives [of Paragraph 4 and 5], provided that you will impose controls to the full extent necessary to achieve the industrial disarmament of Germany.” The intention of the last phrase of this paragraph unveiled the Morgenthauian objective of JCS 1067, ordering the Military Government to “take no steps (a) looking toward the economic rehabilitation of Germany, or (b) designed to maintain or strengthen the German economy.”

The substance of Paragraphs 27 and 28 again breathe Morgenthau’s spirit, ordering the Germans “to use all means at their disposal to maximize agricultural output and to establish as rapidly as possible effective machinery for the collection and distribution of agricultural output,” and to “direct the German authorities to utilize large-landed estates and public lands... [to] increase agricultural output.”

Efforts by the Control Council and the Military Governments to avoid or repress inflation caused by the economic circumstances of occupied Germany shall not, as Paragraph 34 states “constitute an additional ground for the importation of supplies, nor shall it constitute an additional ground for limiting removal, destruction or curtailment of productive facilities in fulfillment of the program for reparation, demilitarization and industrial disarmament.”

Financially, JCS 1067 allowed the Allies to flood Germany with hundred of millions of Allied Military Marks as legal tender and interchangeable 1:1 to the *Reichsmark* (Paragraph 45.a.), increasing the danger of inflation. Paragraph 45.c. also authorized the Military Government to demand from German authorities “*Reichsmark* currency or credits free of cost and in amounts sufficient to meet all the expenses of the forces of occupation, including the cost of Allied Military Government and including to the extent that compensation is made therefor, the cost of

such private property as may be requisitioned, seized or otherwise acquired, by Allied authorities for reparations or restitution purposes.”

The Directive JCS 1067, approved by President Truman was the sixth version drafted by the Departments of War, Navy and Treasury. To be exact it should be cited as JCS 1067/6, however, commonly it is cited only as JCS 1067. (see Appendix C) Issued as a top-secret decree on 14 May 1945, the directive governed Germany for two years until JCS 1779 replaced it in 1947.

Robert Murphy, John Wheeler-Bennett, as well as the Secretary of War, Henry Stimson judged JCS 1067 unfavorably and inferior to the objectives promulgated in the Atlantic Charter by President Roosevelt and Prime Minister Churchill. Harold Zink in *The United States in Germany, 1944-1955*, judges the directive as “a heavy millstone around the neck of the American Military Government.”¹⁹³ He concedes JCS 1067 as negative and punitive in its approach, arguing that the negative aspects hampered the official task of the democratization of the German people. For Zink, the “directive showed the United States as a short-sighted country, motivated largely by revenge...”¹⁹⁴ Robert Murphy regrets that JCS 1067 reflected “the spirit – and sometimes the letter – of the Morgenthau Plan... in many mandatory provisions of the top-secret directive JCS 1067, which haunted Military Government for several postwar years.”¹⁹⁵

Harold Zink, as well as John H. Backer,¹⁹⁶ however, emphasized the flexibility the Military Government had in interpreting the directive according to the needs of the German people. John H. Backer alludes to the major difference between the Morgenthau Plan and JCS 1067. The directive, as its title implies, was conceived as a short-term directive for a distinct

¹⁹³ Harold Zink, *The United States In Germany 1944-1955*. (New York: D. Van Nostrand Company, 1957). 94.

¹⁹⁴ Ibid.

¹⁹⁵ Robert Murphy, *Diplomat Among Warriors*. 270.

¹⁹⁶ John H. Backer, *Priming the German Economy*. (Durham, N.C.: Duke University Press, 1971). 24-5.

transition period. The Morgenthau Plan, however, pursued long-term policies intended to partition and dismember Germany, as well as to eliminate Germany as a factor of political, economic and military power in central Europe and a fierce competitor in international trade. Neither Great Britain nor France could fill the power vacuum of a pastoralized Germany.

3.6. The Yalta (Crimea) Conference, 4-11 February 1945: The Occupation Zones

The Yalta Conference was the second and last of the war conferences the three leaders of the war coalition attended. According to Vojtech Mastny in *Russia's Road to the Cold War*, the top priorities for President Roosevelt were the United Nations and the war with Japan. Regarding the United Nations, President Roosevelt reached consensus with the Soviet Union. The voting mechanism in the Security Council concerned Marshal Stalin. The Marshal wanted “to keep the rights of small Powers restricted to a minimum in the world security organization,”¹⁹⁷ however, the Prime Minister and the President negated the possibility of the great powers being manipulated at the Security Council by insignificant third class countries. President Roosevelt suggested that the great powers would have the right to veto resolutions of the Security Council. The “Agreement Regarding Japan” stated that the Big Three “agreed that in two or three months after Germany has surrendered and the war in Europe is terminated, the Soviet Union shall enter into war against Japan on the side of the Allies...”¹⁹⁸

Prime Minister Churchill tackled the question of restoring France to its previous status as a great power, able to act in conjunction with Great Britain to police western Europe, analog to the Soviet intent to use resurrected Poland in the east for a similar purpose. Regarding the restoration of France, the Big Three rejected de Gaulle’s pretension that the Rhine River was the natural eastern border of France. However, in the end the Allies, finally determining their

¹⁹⁷ Wheeler-Bennett, *The Semblance of Peace*. 226.

¹⁹⁸ <http://avalon.law.yale.edu/wwii/yalta.asp> accessed 2014-03-15.

occupation zones at Yalta, also agreed upon a French occupation zone, as well as French membership at the Control Council. Article IV of the protocol states

It was agreed that a zone in Germany, to be occupied by the French Forces, should be allocated France. This zone would be formed out of the British and American zones and its extent would be settled by the British and Americans in consultation with the French Provisional Government.
It was also agreed that the French Provisional Government should be invited to become a member of the Allied Control Council for Germany.¹⁹⁹

Regarding the approval of a French zone of occupation it may be of interest to follow up the development and the changing expectations of the United States as well as of President Roosevelt toward outlining the zones of occupation, its configuration, size and geographic location in Germany. The diverse drafts of the United States, covering from August 1943 to the Crimean Conference demonstrate the different stages of attitudes and policies of the U.S. administration. Predetermined by geography, the location of a Soviet occupation zone was never questioned. It also appeared logical that Great Britain eyed Northern Germany for its zone of occupation, leaving Southwest Germany for the United States. The intended force structure for the Operation OVERLORD – the planned Allied cross-Channel attack into northwestern France – with English forces on the left wing and U.S. forces on the right wing also supported a British occupation zone in North Germany. The United States and Great Britain accepted by mutual consent the fate of the German province of East Prussia, separated from the *Reich* since the Treaty of Versailles, annexed by the USSR and by restored Poland.

In his proposal to dismember Germany, Henry Morgenthau, too, ceded East Prussia to the Soviet Union and Poland. From Morgenthau's North and South German States and International Zone (see Appendix B) to Prime Minister Churchill's Danube Confederation of South Germany, Austria and Hungary—a notion Marshal Stalin rejected as restoring the Habsburg monarchy—to

¹⁹⁹ Ibid.

President Roosevelt's fifteen or so economically unviable mini-states, Germany would most certainly be fragmented. However, all the different dismemberment proposals are not considered here. The focus of the description concentrates on the question of occupation zones.

At the First Quebec Conference, 17-24 August 1943, code-named QUADRANT, the military staff to COSSAC (Chief of Staff to the Supreme Allied Commander) drafted for the first time a plan to divide defeated Germany into Allied occupation zones. Northwest Germany with the Ruhr industrial center, the staff allocated to the British, whereas the Rhine valley from the border of Switzerland to the city of Düsseldorf they assigned to the United States. Eastern boundaries toward a Soviet occupation zone were not delineated, and would depend on the Red Army's military success fighting the *Wehrmacht* in the east. Likewise, an exact boundary separating the British and U.S. Zone were not yet defined.

As already mentioned above, the staff had aligned the proposed zonal assignment according to the planned force deployment for Operation OVERLORD. Weeks after the QUADRANT conference the British "Armistice and Post-War Committee" provided a plan to divide Germany into three zones. Like the COSSAC draft, the British would take the northwestern zone containing the Ruhr area, the port cities of Hamburg and Bremen, as well as the Kiel-Canal. For the United States, the British proposal allotted a southwestern zone, similar to the COSSAC plan, with a zone of influence through France protecting the expected lines of communication after Operation OVERLORD.

President Roosevelt, on his way to Cairo and Tehran aboard the *Iowa*, also delineated a plan for occupation zones. He claimed northern Germany and its ports for the United States because of the need to transfer as quickly as possible U.S. troops after the surrender of Germany to the Pacific theatre of war. For this objective the United States needed close and large port

capacities, independent from any lines of communication through France. According to his draft, the United States would get the lion's share of Germany including the capital Berlin (see map Appendix C).

The President's proposal, if accepted, would have forced the military planners for Operation OVERLORD either to switch the deployment of forces or to plan for a cross movement of the Allied armies into their assigned occupation zones after German surrender. His draft did not take into consideration centuries-old boundaries of existing political entities inside the German *Reich* as the British draft did. Concretizing the eastern boundaries of their draft, the British followed the established frontiers of Hannover, Braunschweig and Hessen-Nassau, a borderline roughly 150 miles west of President Roosevelt's draft and with the German capital surrounded by the Soviet zone of occupation.

At the European Advisory Commission (EAC) in London the Soviet representative offered "a detailed description of the zonal boundaries... match[ing] almost exactly the boundaries proposed by the British."²⁰⁰ At the negotiation table of the EAC they had a finalized proposal of President Roosevelt's draft outlined aboard the *Iowa* (see map Appendix E) and a combined British-Soviet proposal (see map Appendix F). During the negotiations the Soviets proposed in July 1944, to divide the capital Berlin into three sectors, according to the three occupation zones, cancelling the planned inter-Allied government of the city.

At the Second Quebec Conference in September, the President finally resigned his opposition to a southwest German U.S. occupation zone when an agreement was reached with the British for U.S. use of the north German ports. Earl F. Ziemke notes in *The U.S. Army in the occupation of Germany, 1944-1946*, that "the [U.S.] Combined Chiefs of Staff approved [on the 16th] assignments of the ports of Bremen and Bremerhaven [formerly Wesermünde] to the

²⁰⁰ Earl Frederick Ziemke, *The U.S. Army in the occupation of Germany, 1944-1946*. 119.

United States together with transit rights across the British zone to Bremen.”²⁰¹ President Roosevelt finally closed the chapter on occupation zones at Yalta when he, according to John Wheeler-Bennett, presented a map at the conference showing the U.S. Zone in southwest Germany and a U.S. enclave around Bremen and Bremerhaven (see map Appendix G).²⁰²

The “Protocol of Proceedings of Crimea Conference” attached to the issue of Germany had four of its fourteen Articles: Article III, Dismemberment of Germany, Article IV, Zone of Occupation for the French and Control Council for Germany, Article V, Reparations, and Article VI, Major War Criminals. However, to avoid an embarrassing dissonance at the conference, the Big Three referred the subject of Germany’s dismemberment to their foreign ministers.

Marshal Stalin put on the agenda the issue of German general reparations and reparations in kind—the Soviet perception aimed at about fifty percent of a total of \$20 billion. The Soviet Union expected to receive two categories of reparations from Germany:

- (a) extraction in kind from current output from producing industries, and
- (b) general reparations in the form of disassembled plants, transportation equipment like ships, railroad assets, confiscated German assets in foreign countries, machinery and machine tools.

However, at Yalta the reparation question could not be settled. The Big Three installed a Reparation Commission to work out an appropriate plan according to the following guidelines:

- (1) Germany must pay in kind for the losses caused by her to the Allied nations in the course of the war...
- (2) Reparations in kind is to be exacted from Germany in three following forms:
 - a) Removals within two years from the surrender of Germany or the cessation of organized resistance from the national wealth of Germany located on the territory of Germany herself as well as outside her territory (equipment, machine tools, ships, rolling stock, German investment abroad, shares of

²⁰¹ Ibid., 124.

²⁰² Wheeler-Bennett, *The Semblance of Peace*. 227.

industrial transport and other enterprises in Germany, etc.), these removals to be carried out chiefly for destroying the war potential of Germany.

b) Annual deliveries of goods from current production or a period to be fixed.

c) Use of German labor.

(3) For the working out on the above principles of a detailed plan for exaction of reparations from Germany an Allied Reparation Commission will be set up in Moscow. It will consist of three representatives—one from the Union of Soviet Socialist Republics, one from the United Kingdom and one from the United States of America.

(4) With regard to the fixing of the total sum of the reparation as well as the distribution of it among the countries which suffered from the German aggression, the Soviet and American delegation agreed as follows:

“The Moscow Reparation Commission should take in its initial studies as a basis for discussion the suggestion of the Soviet Government that the total sum of the reparation in accordance with the points (a) and (b) of the paragraph 2 should be \$20,000,000,000, and that 50 percent of it should go to the Union of Soviet Socialist Republics.”²⁰³

The issue of forced labor – a kindly semantic expression for slave labor, the Soviet Union did not want to discuss at Yalta. One reason for Marshal Stalin’s reluctance Wheeler-Bennett believes, seemed to be “that formal acceptance [into the protocol] of forced labor in the Soviet Union would deepen anti-Soviet feeling in Germany at a time when the Communists hoped to win support from their defeated foes. In any case, the Soviet Government could hope to utilize German prisoners as a work force without any formal agreement.”²⁰⁴ One has to remember at Tehran Stalin alluded to a number of up to four million Germans providing forced labor to the Soviet Union.

Regarding Poland, Marshal Stalin proposed the so-called Curzon Line established after World War I as the eastern border of Poland. He suggested the Oder River from the Baltic Sea to the confluence of the Western Neisse River and along this river as the western Polish border. The Protocol of the Proceedings of Crimea Conference relates in Article VII, fourth paragraph to the Polish border problems, stating

²⁰³ John H. Backer, *Priming the German Economy*. 67-8.

²⁰⁴ Wheeler-Bennett *The Semblance of Peace*. 232.

The three heads of Government consider that the eastern frontier of Poland should follow the Curzon Line with digressions from it in some regions of five to eight kilometers in favor of Poland. They recognize that Poland must receive substantial accessions in territory in the north and west. They feel that the opinion of the new Polish Provisional Government of National Unity should be sought in due course of the extent of these accessions and that the final delimitation of the western frontier of Poland should thereafter await the peace conference.²⁰⁵

The Polish western border envisioned by Marshall Stalin and the use of forced labor not counted against the earmarked \$10 billion in reparations, would become an exemplary high bill for defeated Germany. The price to Germany would increase dramatically if any one of the proposed plans for the dismemberment, at Yalta and referred to the Council of Foreign Ministers became reality. The results of the Crimean Conference cast a dark cloud on Germany's future. Regardless of Germany's fate, Yalta boosted the confidence of the Allies greatly.

The Big Three expressed the euphoric mood of the attendants in the final days of the conference with toasts during dinners on 8 and 10 February. Marshal Stalin honored Prime Minister Churchill "as the bravest governmental figure in the world... Mr. Churchill's courage and staunchness... when [England] stood alone, had divided the might of Hitlerite Germany... [Stalin] knew of few examples in history where the courage of one man had been so important... he and Mr. Churchill in their respective countries had had relatively simple decisions [to make]. They had been fighting for their very existence... [Stalin, acknowledging President Roosevelt] that there was a third man... [who] had been the chief forger of the instruments which had led to the mobilization of the world against Hitler... [furthermore the Marshal] remarked that it was not so difficult to keep unity in time of war... the difficult task came after the war when diverse interests tended to divide the Allies."²⁰⁶ President Roosevelt, in answering Marshal Stalin's toast, stated that "he felt the atmosphere at this dinner was as that of a family, and it was in those

²⁰⁵ <http://avalon.law.yale.edu/wwii/yalta.asp> accessed 2014-03-15.

²⁰⁶ Robert E. Sherwood, *Roosevelt and Hopkins*. (New York: Harper & Brothers, 1950). 868-9.

words that he liked to characterize the relation that existed between our three countries.

[Looking ahead, the President called] ...their objectives here were to give to every man, woman and child on this earth the possibility of security and well being.”²⁰⁷ The “supreme exultation,” as Robert E. Sherwood characterized the atmosphere of the U.S. delegation, got a boost when the overwhelmingly positive public reactions at home to the publication of the conference protocol became known.²⁰⁸

However, despite the positive reception of the protocol around the world, Yalta proved to be, according to Wojtech Mastny, “the least important of the Allied chiefs’ wartime gatherings.”²⁰⁹ Mastny asserts that the European landscape would have looked alike without Yalta, missing applaudable craftsmanship of the Big Three. President Roosevelt, representing the strongest democracy was a moribund man. Prime Minister Churchill represented the weakest member of the War Coalition. Both scarified the fate of a democratic and independent Poland for Marshal Stalin’s consent to the creation of the United Nations as well as supporting the restoration of France to great power status. Three months after Yalta Hitler’s *Drittes Reich* collapsed. And again barely three months later the leaders of the wartime coalition congregated for their last conference at Potsdam, close to the German capital Berlin, to decide Germany’s future.

3.7. The Potsdam Conference, 17 July-2 August 1945: Finalizing the occupation

The Potsdam Conference should have been the final meeting of the leaders of the Allied war coalition deemed to put the results of the get-togethers at Tehran and Yalta into final agreements for the governing of unconditionally surrendered Germany as a whole and of the four distinct occupation zones – a French occupation zone approved at Yalta by the Big Three.

²⁰⁷ Ibid., 869.

²⁰⁸ Ibid., 869-70.

²⁰⁹ Wojtech Mastny, *Russia’s Road to the Cold War*. 253.

Potsdam was the third and last meeting of the Big Three. At Tehran and Yalta President Roosevelt, Prime Minister Churchill and Marshal Stalin consented in general about defeated Germany. At Potsdam, Marshal Stalin represented personal continuity, whereas Prime Minister Churchill could represent Great Britain only for the first stage of the conference. He resigned when his election defeat became official. His successor, Prime Minister Clement Attlee from the Labor Party took Great Britain's seat for the final phase of the conference. President Truman succeeded President Roosevelt after Roosevelt's untimely death on 12 April. As Vice President, Truman did not belong to the inner power circle of President Roosevelt. As a member of the United States Senate during the war, as well as Vice President and President of the U.S. Senate he was never directly involved in the conduct of the wars in Europe and the Pacific. The imminent political questions and problems facing the United States after the end of hostilities in Europe were new to him.

The state of military and political actions in Europe and especially the status of defeated Germany regarding its political, military and economic conditions claimed President Truman's attention immediately after taking the oath of office as President. What legal status did Germany obtain with the signing of the unconditional surrender document by the representatives of the *Oberkommando der Wehrmacht*?

Professor Hans Kelsen of the University of California, in *The Legal Status of Germany According to the Declaration of Berlin*,²¹⁰ defined the belligerent occupation of a state when "the legitimate government is made incapable of exercising its authority and is only substituted for the period of occupation by the authority of the occupant power."²¹¹ Based on this fact, the state of war continued between Germany and the Allied Powers as long as the successor government

²¹⁰ Hans Kelsen, "The Legal Status of Germany According to the Declaration of Berlin," in *The American Journal of International Law*, Vol. 39, No. 3 (Jul., 1945), pp. 518-526.

²¹¹ Ibid., 518.

of *Grossadmiral* Dönitz was in power. However, with capture and arrest of the Dönitz government by the British military, a legitimate German government ceased to exist. Professor Kelsen argues “by abolishing the last Government of Germany the victorious powers have destroyed the existence of Germany as a sovereign state. ...Germany has ceased to exist as a state in the sense of international law. Germany having ceased to exist as a state, the status of war has been terminated, because such a status can exist only between belligerent states. ...and the legal status of the territory occupied by the victorious powers cannot be that of belligerent occupation.”²¹² Without a German government, Professor Kelsen concluded by international law neither a state of war nor a belligerent occupation between the state of Germany and the Allies could legally prevail.

To end the condition of legal and political non-existence of Germany, the Allies passed the “Declaration regarding the defeat of Germany and the assumption of supreme authority with respect to Germany by the Governments of the United States of America, the Union of Soviet Socialist Republics, the United Kingdom and the Provisional Government of the French Republic,”²¹³ on 5 June 1945 (Appendix H). The decree states in the first sentence, “the German armed forces on land, at sea and in the air have been completely defeated and have surrendered unconditionally and Germany, which bears responsibility for the war, is no longer capable of resisting the will of the victorious powers.” The non-existence of a working central German government or any other authority able to act according to the demands of the occupiers forced the Allied Powers to “assume supreme authority with respect to Germany, including all the powers possessed by the German Government, the High Command and any state, municipal, or local government or authority,” to maintain public order and to conduct the administration of

²¹² Ibid., 519.

²¹³ <http://avalon.yale.edu/wwii/ger01.asp> accessed 2014-03-29.

Germany according to the requirements of the Allies. However, the assumption of supreme authority "does not affect the annexation of Germany." The assumption of supreme authority is, according to Professor Kelsen "equivalent to the declaration that the occupant powers place the German territory [and its population] under their sovereignty."²¹⁴

The declaration of 5 June 1945 went far beyond in its approach toward unconditionally surrendered Germany than the IV. Hague Convention of 18 October 1907, regulating the "Laws and Customs of War on Land." Article 48 of the convention grants power to the occupying authority to collect taxes, dues etc. to the benefit of the occupied territory. Article 49, however, grants power to the occupant to levy money contributions for the needs of the occupying force and/or for the administration of the occupied territory,²¹⁵ thus burdening the Germans with the costs of four occupation forces.

Article 12 of the 5 June 1945 declaration reserved the right of the occupying powers to "station forces and civil agencies in any or all parts of Germany as they may determine." The supreme authority exercised by the Allies implied their right to "impose on Germany additional political, administrative, economic, financial, military and other requirements arising from the complete defeat of Germany," as expressed in Article 13 (b). The article may have given some Germans an idea what to expect from the impending Potsdam Conference when the Big Three planned to put into writing their concepts and objectives regarding the future of vanquished Germany. However, not many Germans, trying to survive from one day to the next, could

²¹⁴ Hans Kelsen, "The Legal Status of Germany According to the Declaration of Berlin," in *The American Journal of International Law*, Vol. 39, No. 3 (Jul., 1945), pp. 518-526. 521.

²¹⁵ Hague Convention IV of 18 October 1904. Art. 48: If, in the territory occupied, the occupant collects the taxes, dues, and tolls imposed for the benefit of the State, he shall do so, as far as is possible, in accordance with the rules of assessment and incidence in force, and shall in consequence be bound to defray the expenses of the administration of the occupied territory to the same extent as the legitimate government was so bound. Art. 49: If, in addition to the taxes mentioned in the above article, the occupant levies other money contributions in the occupied territory, this shall only be for the needs of the army or of the administration of the territory in question.

envisage the political, economic and financial burden to be inflicted on the German people by the Allies.

With regard to the Potsdam Conference, Lord Robertson, the British Military Governor concluded with the benefit of hindsight “that the plans which were made for dealing with Germany after victory had been won were based on a series of complete misconceptions as to what the real problem would be.”²¹⁶ He confessed that the delegates of the United States and Great Britain attending the war conferences from Tehran to Potsdam “had an entirely false picture in their minds as to what the situation would be in Germany, and they were aiming at a completely wrong objective.”²¹⁷ Marshal Stalin, present at Tehran, Yalta and Potsdam, seemed in Lord Robertson’s memory to be the hardest bargaining realist of the Big Three. Marshal Stalin tried to get as many objectives of Soviet national interests as possible resolved.

As the British Military Governor, Lord Robertson realized “the assumptions on which our policy had been based were false, and that the objectives chosen were quite irrelevant. The real menace for the future of Europe and to world peace was not Germany, but Russia... We had to save Germany physically from starvation, squalor and penury, spiritually from despair and Communism.”²¹⁸ However, the western delegations at Potsdam did not possess the magical mirror to reveal the future.

Bruce Kuklick in *American Policy And The Division Of Germany* mentions that of the U.S. delegation both, President Truman and Secretary of State Byrnes were new in their offices. They were the only ones of the delegation “not violently opposed to the USSR.”²¹⁹ John

²¹⁶ Brian Hubert Robertson. Lord of Oakridge, “A Miracle?: Potsdam 1945-Western Germany 1965,” in *International Affairs (Royal Institute of International Affairs 1944-)*. Vol. 41. No. 3. (Jul. 1965). 401.

²¹⁷ *Ibid.*, 401-2.

²¹⁸ *Ibid.*, 403.

²¹⁹ Bruce Kuklick, *American Policy And The Division Of Germany*. (Ithaka, NY: Cornell University Press, 1972). 143.

Wheeler-Bennett notes a change in perception of the United States policies toward the Soviet Union between the conferences of Yalta and Potsdam. He realized “a sudden flush of alarm in some sections of the American leadership about Soviet policies—an alarm which sometimes seemed to verge on paranoia.”²²⁰ Bruce Kuklick criticizes the lack of knowledge of both in foreign policy matters. According to Bruce Kuklick, President Truman “lacks [the] qualification for the office [of the presidency].”²²¹ E.F. Penrose in *Economic Planning for the Peace* attaches to the Secretary of State having “high – and naïve – hopes of settling outstanding differences with the Soviet Union by bargaining and give and take after the manners of senators in the United States Congress.”²²² Penrose concedes, however, President Truman having “more influence behind the scenes,”²²³ at the conference.

John Wheeler-Bennett challenges Bruce Kuklick’s negative characterization of President Truman, supporting in part E.F. Penrose’s judgment. For him, he sees the new president “as inexperienced but energetic and businesslike... [demonstrating his] capacity to master a brief... beyond doubt.”²²⁴ Compared with Marshal Stalin and Prime Minister Churchill the new American president had the advantage of youth and physical fitness and a businesslike appearance. However, to what did the leaders of the war coalition agree upon at the Potsdam Conference regarding the fate of Germany? (Appendix I)

The major difference of the Potsdam Conference to preceding conferences (Tehran, Yalta) was the unconditional surrender of Germany accepted by the Allies on 8 May 1945. While the pressure of actually fighting Germany no longer forced the Allies to unity, the different assumptions how to deal with defeated Germany started to divide the Allies on many

²²⁰ Wheeler-Bennett, *The Semblance of Peace*. 322.

²²¹ Ibid.

²²² E.F. Penrose, *Economic Planning for the Peace*. 327.

²²³ Ibid.

²²⁴ Wheeler-Bennett, *The Semblance of Peace*. 323.

topics. At Potsdam the matters of post-war policies and politics concerned the wartime partners. In general one can argue that at the Potsdam Conference the three Allies tried to put into writing their objectives expressed at the preceding conferences of Tehran and Yalta. However, on some questions they were unable to achieve mutual agreements. The Allies, par example, could not agree on the topics of German reparations and of the future German industrial level. These questions, among others, had to be sent to committees for further evaluation.

As major Allied objectives – one has to recall the Morgenthau Plan – the Big Three agreed to destroy/dismantle all plants and equipment for war-specific productions. The protocol requires “to eliminate Germany’s war potential, the production of arms, ammunition and implements of war as well as all types of aircraft and seagoing ships... Production of metals, chemicals, machinery and other items that are directly necessary to a war economy shall be rigidly controlled and restricted to Germany’s approved post-war peacetime needs.”²²⁵ Also, the German heavy industry has to be drastically reduced to prevent forever the rebuilding of war capabilities, as well as – not officially admitted – eliminating economic competition from Germany.

However, at Potsdam the leaders could not agree to deindustrialize the Ruhr area with its conglomerate of mines and steelmaking enterprises. No consensus could be achieved on the transfer of the Ruhr area to an international authority. Only light and peaceful industries would be permitted in the future Germany, whoever may determine which categories of industry belong to “peaceful industries.”

According to the declared intentions, Germany had to be converted to a pastoral state, the majority of the people employed in agriculture and related industries. The highest skilled professionals in scientific and industrial accomplishments on the European continent have to be,

²²⁵ The Berlin (Potsdam) Conference, July 17-August 2, 1945. Part II. B. Economic Principles. No. 11.

according to the protocol, re-educated and retrained as farmers, as cattlemen and dairymen. Potsdam made the unthinkable a reality, stating, that “in organizing the German economy, primary emphasis shall be given to the development of agriculture and peaceful domestic industries.”²²⁶

The Germany of the four occupation zones – all major food producing German territory east of the Oder and Neisse Rivers were transferred to Poland and the Soviet Union according to an agreement reached at Yalta – should “be treated as an economic unit with central administrative agencies for industry, agriculture, finance and banking, transport and communication, and exports and imports.”²²⁷ Following the conference protocol the Allies excluded a central German Government being established immediately. However, Part II calls for, in A. Political Principles, No. 9 (IV), the creation of “essential central German administrative departments... in the fields of finance, transport, communications, foreign trade and industry. ...act[ing] under the direction of the Control Council.”²²⁸

Supreme governing authorities for occupied Germany were, according to the conference protocol, the Commanders-in-Chief of the four powers “each in his own zone of occupation, and also jointly, in matters affecting Germany as a whole, in their capacity as member of the Control Council.”²²⁹ The Allied Control Council governed by unanimity vote. France, the fourth occupation power was not invited to the Potsdam Conference; as a result of this purported disregard, French representatives often did not feel obligated to conform with the other powers. France, as Vojtech Mastny reports “vetoed any expansion of the ‘central agencies’ the Russians had erected in East Berlin [into the western occupation zones]. ...France alone envisaged

²²⁶ The Berlin (Potsdam) Conference, July 17-August 2, 1945. Part II. B. Economic Principles. No. 13.

²²⁷ Nicholas Balabkin. *Germany Under Direct Controls*. (New Brunswick, NJ: Rutgers University Press, 1964). 5.

²²⁸ The Berlin (Potsdam) Conference. July 17-August 2, 1945. Part II. A. Political Principles. No. 9 (IV).

²²⁹ Ibid., Part II. A. Political Principles. No. 1.

[Germany's] partition as a desirable solution... They resolutely opposed [any] Soviet efforts at a joint management of the Ruhr [area]...²³⁰ In the first phase of the occupation France vetoed many Control Council proposals, preventing, in agreement with the Soviet Union *inter alia*, successfully the installation of central German agencies.

Section B, Economic Principles in Part II designed the kind and scope of the future German industry level. The production of any kind of war-related materials and goods, as well as all types of aircraft and seagoing ships were prohibited. The production of metals, chemicals, machinery was only permitted to meet the needs of the occupying forces and to meet the needs of the approved German peacetime economy. The focus of the reorganization of the German economy would be the development of agriculture and of peaceful domestic industries.

The program of industrial disarmament, of demilitarization, of reparations – the level of German industry plan to be developed by the Reparations Commission, not ready until March 1946, and of foreign trade, left wide space for interpretations for the Allied administrations. The clause 15 b, prescribed the desired German living standard – howsoever it may be defined and determined – as not exceeding the average of the standards of living of European countries, excluding Great Britain and the Soviet Union. Compared to the directive JCS 1067, predicting an average living standard of the German people not higher than those existing in any one of the neighboring United Nations, the Potsdam Protocol excluded Great Britain and the Soviet Union from the list of countries to calculate the standard. After all a theoretical improvement not to be disregarded by the German people.²³¹

Part III of the Potsdam Protocol was devoted to reparations Germany had to provide. To prevent a repetition of the World War I settlement, the Allies intended to forgo monetary

²³⁰ Vojtech Mastny, *Russia's Road to the Cold War*. 302.

²³¹ The Berlin (Potsdam) Conference, July 17-August 2, 1945. Part II. B. Economic Principles. JCS 1067 No. 21.

reparations. The Soviet Union claimed reparations in kind and of capital equipment from its occupation zone. Additionally, the USSR claimed to be entitled to 15 per cent of the capital equipment earmarked for reparation purposes from the western zones in exchange for food and other raw materials, plus an additional 10 per cent free of charge. Polish reparation claims would be settled by the Soviet Union. Clause No. 5 stated that the amount of equipment to be removed from the Western Zones for reparations would be determined within six months from the end of the conference at the latest.²³²

The drafters of the clause probably could not imagine the scope of time and work this sentence caused to the people executing it. The already mentioned level-of-industry plan for Germany was only approved in March 1946! Based on this plan the Western Allies could start to determine the capital equipment available for reparations. There is no economic wisdom in dismantling factories in Germany, transporting them into a foreign country, reassembling the factories and starting production if possible. For E.F. Penrose, “an industrial area [like the Ruhr area] is an organism rather than a conglomeration of small, self-contained units, and the sum of the fragments that would be set up would not be equal to the whole that had been torn down.”²³³ However, it seems that financial and economic considerations were not investigated while drafting the protocol. E.F. Penrose argues that parts of the Washington administration, aside from the Secretary of Treasury, “the FEA group, the War Department group and certain members of the reparation group... were interested not in reparations but in the deindustrialization of Germany.”²³⁴ However, these agents of a United States policy of Germany’s dismemberment and deindustrialization – pushing Germany back into pre-industrial times – lost ground in the administration, especially after President Roosevelt’s death. The

²³² The Berlin (Potsdam) Conference. July 17-August 2, 1945. Part III Reparations from Germany. No. 5.

²³³ E.F. Penrose, *Economic Planning for the Peace*. 286-7.

²³⁴ *Ibid.*, 286.

Potsdam Protocol, the highest Allied directive to govern occupied Germany treated defeated Germany severely.

However, the harshest provisions of the directive JCS 1067, originating from the Morgenthau Plan did not become parts of the Potsdam Protocol. No one of the Big Three proposed a German dismemberment and partition into several independent entities like President Roosevelt and Prime Minister Churchill did at Tehran. Henry Morgenthau's primary objective, the deindustrialization and complete destruction of the Ruhr area, Germany's economic power-center, was not discussed, much less voted on. The Allies no longer considered the internationalization of the Ruhr area a worthwhile option. Even France, the advocate of a German dismemberment and partition in the Allied Control Council – at Potsdam France was not represented – rejected the internationalization of the Ruhr area fearing growing Soviet influence in western Germany close to its borders.

The improvement in the German living standard – it was never defined what a living standard of a people of 60 millions meant, less than what it meant to the European continent–by excluding from its rationalization Great Britain and the Soviet Union was a purely theoretical standard. The living standard approved at Potsdam could have been set at 1,500 calories per person and day, or 2,000 calories or even 3,000 calories. For the next three years the food rations actually handed out to the people fluctuated between 800 and 1,500 calories, far below the minimum of 2,000 calories to keep the people at a limited health standard.

The infamous clause of the directive JCS 1067 requiring the Military Government to “take no steps (a) looking toward the economic rehabilitation of Germany, or (b) designed to maintain or strengthen the German economy” the Big Three did not include in the Potsdam Protocol. However, the often missing unanimity requirement of the Allied Control Council

prevented common standards of living across Germany. The Germans in the U.S. occupation zone had to suffer for some time under JCS 1067.

The Allies divided the German Navy, as well as the Merchant Marine among them. Also all German external assets were divided up. However, on the question of capital equipment reparations the Allies could not reach an agreement. The Soviet Union's proposal of reparations from capital equipment of \$20 billion, from which it claimed 50 per cent, was not accepted at Potsdam. An Allied commission would determine the level of peaceful industries permitted in Germany. All surplus plants and capital equipment would be added to the reparations account. From the Western occupation zones several plants were effectively delivered. How many plants and what capital equipment the Soviet Union took from their occupation zone is not known in detail.

Lord Robertson, the former British Military Governor criticized in the hindsight of twenty years the Allied approach *vis-à-vis* reparations. He was of the opinion that the reparation problem

[d]efeated the Allies after World War II just as it had done after the previous war... [As Military Governor he] did not come across a single case where the [British] factory management were ready to admit that they had drawn any substantial advantage out of what [equipment] they had received. In more than one case the equipment removed from Germany was lying about in the field un-erected. Back in Germany, stripped of their out-of-date plant, the German steel works and German industry generally were compelled to re-equip with modern machinery largely financed from Allied sources.²³⁵

Similar to Lord Robertson's account one can assume happened not only in Great Britain. It is idle to consider almost 70 years later if a shift in the reparation question from capital equipment to goods from the current production of the plants to be dismantled had been a wiser and

²³⁵ Brian Hubert Robertson, Lord of Oakridge, "A Miracle?: Potsdam 1945-Western Germany 1965," in *International Affairs (Royal Institute of International Affairs 1944-), Vol. 41, No. 3 (Jul. 1965)*. 405.

economically healthier decision. However, anger and some desire for revenge suppressed rationality.

3.8. Aims of Allied policies related to defeated Germany

The major objective of the war alliance between the Soviet Union, Great Britain, the United States, in 1944 adding the French Republic, was the unconditional surrender of Hitler's *Third Reich*, called the *Großdeutsches Reich*. The extinction of Nazism and German militarism, the destruction of the German war industry and heavy industries, and finally the democratization of the German people were the accepted and publicized purposes of the Allied war effort. However, the varying political intentions of the leading statesmen, President Roosevelt, Marshal Stalin, Prime Minister Churchill, and General de Gaulle, as well as the diverse national interests of the four countries, allowed a mutual consent only to the least common denominator.

3.8.1. The Russian national interests

Without any doubt Stalin remembered the early days of revolutionary Russia: the humiliating peace treaty of Brest-Litovsk, 3 March 1918, the invasion of French, British, and American forces in favor of the white Russian anti-communist forces, the loss of territory to Poland as the result of the Polish-Russian war, 1919-20, the exclusion of the Bolshevik government from the Paris Peace Conference, as well as the shunning of the USSR by the Western Powers after WWI. For Stalin, territorial security topped the list of Russian national interests. A belt of Communist-dominated East European states united in a common security system under Soviet leadership would increase territorial security against a future attack from the West. Hans-Peter Schwarz categorizes Stalin's ambitions in *Vom Reich zur Bundesrepublik* as follows: "it would be good if only the immediate neighboring countries of the USSR could fall under Soviet control, if it was possible to unite the whole Slavic world under Soviet leadership it

would be better. If there was the possibility to rope Germany into the Soviet sphere of influence it would be so much better.”²³⁶

The USSR suffered the most of all Allies from the German war machine. To eliminate a future German threat Stalin, as early as December 1941, presented a plan for the dismemberment of Germany into several small states to the British Foreign Minister.²³⁷ Michael Balfour reports, “at Yalta [German] dismemberment was agreed on in principle and a committee set up to work out the details. By the time this committee met, all three governments were beginning to have second thoughts,”²³⁸ about a partitioned Germany.

Stalin publicly stated on 9 May 1945, the Russian departure from the dismemberment plan, proclaiming “the Soviet Union celebrates victory, however, she is not prepared to dismember or to destroy Germany.”²³⁹ Nevertheless, by ceding the German territory east of the Oder and Neisse rivers, as well as half of East Prussia to Poland, this action, Stalin calculated would “ensure for the Poles the enmity of many Germans... [eliminating] any later risk of a Polish-German deal at [the Russian] expense,”²⁴⁰ putting up another layer of territorial safeguard. In the best case this situation could prompt Poland to become a reliable Soviet ally.²⁴¹

Besides seeking territorial security, USSR politics aimed in two other directions, first, the compensation of the damage done by the German armed forces, and second, a political and economic reorganization of Germany. The latter aim included the elimination of its war industries, a reduced industrial level and a “fundamental alteration of Germany’s inner [political]

²³⁶ Hans-Peter Schwarz, *Vom Reich zur Bundesrepublik*. 210.

²³⁷ Walrab von Buttlar, *Ziele und Zielkonflikte in der sowjetischen Deutschlandpolitik 1945-1947*. (Stuttgart: Klett-Cotta, 1980), 28.

²³⁸ Michael Balfour, *West Germany A Contemporary History*. (London: Croom Helm, 1982), 110.

²³⁹ von Buttlar, *Ziele und Zielkonflikte in der sowjetischen Deutschlandpolitik 1945-1947*. 30.

²⁴⁰ Michael Balfour, *Germany: The Tides of Power*. (London: Routledge, 1992), 82.

²⁴¹ Schwarz, *Vom Reich zur Bundesrepublik*. 230.

structure... according to [Soviet] perceptions,”²⁴² as far as the Western allies would allow. If the Western Allies objected to a political reorganization of the German *Reich* the USSR at least could reorganize the political and economic system in its occupation zone.

A major Russian objective was to extricate as much reparations as possible from defeated Germany. From a total sum of \$20 billion for reparations agreed upon at Yalta in February 1945, the Soviet Union would get fifty per cent. Unlike after World War I when reparations had to be paid cash, this time the reparations would be paid in material assets. Friedrich Jerchow, in *Deutschland in der Weltwirtschaft 1944-1947*, splits the \$20 billion reparation account into \$10 billion in material extractions from Germany’s national wealth such as plants, foreign assets, the merchant marine, and the other \$10 billion deliveries from current production, at the rate of \$1 billion per year for ten years.²⁴³

With their territorial, economic, and political postulations, the Soviet Union targeted a Germany not at any time in the near future deemed to be a threat. Furthermore, the USSR would be in a position to impose its political and economic system on at least that part of Germany under Soviet occupation. This most western Communist outpost could be of value for future expansion plans. World revolution was still a valid Communist concept.

3.8.2. The French national interests

For a short while Napoleon Bonaparte realized the French dream of ruling the European continent. With Napoleon’s defeat at Waterloo, the defeat of France in the Franco-Prussian War, France’s near defeat in World War I and the occupation of France by Germany from 1940 to 1944, the French claim to be a world power was shattered. Fighting with the Americans and British to liberate their country, the French entered Germany to defeat the “arch enemy.” France

²⁴² Ibid., 230-1.

²⁴³ Friedrich Jerchow, *Deutschland in der Weltwirtschaft 1944-1947*. (Düsseldorf: Droste Verlag, 1978). 33.

was united in the desire to eliminate Germany as a threat for France once and for all and to restore France to a great power status.

Charles de Gaulle, the leader of the Free French Forces, presented his concept of a future Germany in fall of 1944.²⁴⁴ Basically, he demanded “the abolition of a centralized Reich... there would be every likelihood that the federation [of German states] as a whole would not be led to subjugate its neighbors. This would be even more likely if the Ruhr, that arsenal of strategic materiel, were given a special status under international control. Further, the Rhineland would... be occupied... the Rhine [River]... an international freeway... [and] the Saar, retaining its German character, would be transformed into a separate state and united to France by trade agreements...”²⁴⁵ Furthermore, in a speech of 5 February 1945, cited by Roy C. Macridis, de Gaulle added “that the presence of France from one end of the Rhine to the other—the separation of the territories east of the Rhine and of the Ruhr basin from Germany... are conditions that France deems essential.”²⁴⁶

To restore French international standing and to ban any possible future threat from Germany, de Gaulle and his advisers planned, according to Hans-Peter Schwarz, to detach the Rhineland and the Ruhr valley from Germany to create a security zone on the French eastern border, to partition Germany into several states along traditional lines, and to occupy Germany long-term. During the occupation the Germans would be denazified, demilitarized, democratized and re-educated. The German industrial potential had to be reduced by dismantling plants and Germany’s key resources would be exploited to the benefit of France.²⁴⁷

²⁴⁴ Schwarz, *Vom Reich zur Bundesrepublik*, 183.

²⁴⁵ Charles de Gaulle, *The complete War Memories of Charles de Gaulle*. Transl. by J. Griffin and R. Howard. (New York: Carroll & Graf Publishers, 1998). 720.

²⁴⁶ Roy C. Macridis, *De Gaulle, Implacable Ally*. (Westport, CT: Greenwood Press Publishers, reprint 1976). 125.

²⁴⁷ Schwarz, *Vom Reich zur Bundesrepublik*. 182.

The French occupation zone was carved out of the U.S. and the British zones. France would get, according to an article in *The Stars and Stripes*, 23 June 1945, “the lower half of the Rhine Province, the Saarland, the Palatinate, most of Baden and a narrow corridor through Württemberg and Bavaria down to include Vorarlberg, in western Austria.”²⁴⁸

During the next months the French pushed their concept of Germany at all levels. At French-U.S. talks in Washington in November 1945, French agents proposed again “to strip the Ruhr and Rhineland from Germany... to put the Ruhr under international control and to occupy the Rhineland themselves,”²⁴⁹ exerting pressure on their Allies by refusing to agree to Potsdam-mandated central German administrations. Maurice Couve de Murville, from the French Foreign Office, pointed again to the importance for France, “of a separate sovereign nation in the German Rhineland”²⁵⁰ as a prerequisite for France’s security.

The Stars and Stripes report on 19 February 1946, noted: “Georges Bidault [the French Foreign Minister] states German peace is amputation... Now... we must decide the future of western Germany after having decided that of eastern Germany [ceding all German territory east of the Oder and Neisse rivers to the USSR and Poland].”²⁵¹ By answering to a request of the Secretary of State, Byrnes, Bidault reiterated the French stipulation “that the Ruhr and Rhineland be excluded from German sovereignty. [It] must be effected before central administrative agencies could be considered.”²⁵² Later in March 1946, in anticipation of the meeting of the four foreign ministers in Paris in May, the French position seemed to soften up on the Rhineland separation by “insist[ing] on strong restraints on economic production in the Ruhr, with

²⁴⁸ *The Stars and Stripes*, German Edition, June 23, 1945. 3.

²⁴⁹ Ibid., Southern German Edition, Nov. 16, 1945, 8.

²⁵⁰ Ibid., Nov. 23, 1945, 1.

²⁵¹ Ibid., German Edition, Feb. 19, 1946. 3.

²⁵² Ibid., March 10, 1946. 8.

particular emphasis on increased shipments of coal to France.”²⁵³

If de Gaulle’s plans for Germany succeeded, Germany would have lost its status of a major European economic power, which was his intent. The proposed restrictions in steel production and in chemical production as well as the total elimination of its machine tool industry would prevent the German successor states from becoming even medium economic powers. They would be greatly dependent on France. The far-reaching French concept met strong resistance of the United States and Great Britain, fearing they had to support the economically unviable parts of Germany for a long time. However, despite the rejections of many of their ideas, the French succeeded in “making [its] occupied zone pay for itself. [France] has managed to achieve an ‘equilibrium’ between imports and exports, making it unnecessary for her to pump in food and other supplies, as both the United States and Great Britain have to do.”²⁵⁴

3.8.3. Great Britain’s national interests

Unlike the Soviet Union and France, the United Kingdom had no territorial claims against Germany. With the advance of the Red Army into Germany the Soviet Union would replace Germany as the major continental power. With a Germany dismembered and partitioned and a devastated weak France the centuries-old British policy of balance of power on the continent lost its importance. Additionally, the benefit of the insular position, protecting Great Britain from direct attacks for centuries, succumbed to modern technology, to airplanes and rockets, proving its newly emerging vulnerability. This new reality reduced, respectively, British influence on continental European matters and minimized Great Britain’s power status.

²⁵³ Ibid., March 27, 1946. 1.

²⁵⁴ Ibid., European Edition, June 29, 1946. 2.

Prime Minister Churchill, Hans-Peter Schwarz observed, recognized “already during the last year of the war... the power and political contradictions to the politic of the Soviet Union... determining his idea of an anti-Soviet coalition in the western world and in Europe.”²⁵⁵

Churchill’s original reaction to Morgenthau’s plan for a deindustrialized Germany fits in this context. With his remark “England would be chained to a dead body,”²⁵⁶ he tried to brush aside the U.S. plan. However, as a supplicator for more financial and material aid he had to accept grudgingly the Morgenthau proposal for the time being.

Totally dependent on the economic and financial performance of the United States during the war, Churchill intended to restore British economic interests as much as possible after the end of hostilities. Limiting German trade competition in the world market through Allied control arrangements became the guiding principle of British economic policy. They disagreed with Morgenthau’s recommendation to shut down the German heavy industries. Except for the removal/destruction of purely armaments-producing plants, only few sectors of the German industry should be dismantled (e.g. plants for the production of synthetic rubber and fuel). These relatively few economic limitations would restore Germany as a market for British exports again. Reparations from current German production should be limited to prevent Germany from getting a foothold in markets important for British trade. Furthermore, Allied economic controls should regulate German foreign trade as a means to reduce or eliminate competition for the British external trade.

To an outside observer, however, it was apparent that Great Britain would never be able to regain its former status as a world power or as a referee in international affairs. Although being a victor, the United Kingdom inevitably would lose the war. The British owed a major

²⁵⁵ Schwarz, *Vom Reich zur Bundesrepublik*. 149.

²⁵⁶ Wheeler-Bennett, *The Semblance of Peace*. 179.

part of its status to their worldwide Empire. Special trade agreements with all dominions formed the base of its economic power, exacerbating most outside competition.

The protection of the Empire trade system aimed against a major objective of the U.S. foreign policy. For the postwar world the State Department proposed the elimination of all trade restrictions, may it be customs duties, quotas, or exchange restrictions constraining free trade. Particularly, the U.S. called for the abolishment of the British Empire Preference System.²⁵⁷ The British leaders had to acknowledge their complete dependence on U.S. aid. Only in a close partnership with the United States could Great Britain restore some of its political and economic power. Colliding British interests had to be sacrificed for the national survival. The end of the British Empire loomed. During the following two decades, both, the British and French colonial empires collapsed.

3.8.4. National interests of the United States

The geographic situation of the United States, protected by the Atlantic and Pacific oceans sheltered it from direct hostile actions on its mainland. When actively engaged in the fighting, the war ultimately eliminated a pressing problem dating from the Great Depression: the staggering rate of unemployment that government actions so far had not contained. The increased war materials production and other commodities, as well as the extraction of millions of soldiers from the job market, largely reduced the pool of the unemployed. However, even in 1944 with 12 million people absorbed in the armed forces and war production at its height, unemployment was still at 1.2 per cent.²⁵⁸ Government officials feared a severe depression after the end of hostilities when millions of demobilized soldiers would compete in a job market with a workforce already increased by the addition of women as well as the growth of the working-

²⁵⁷ Jerchow, *Deutschland in der Weltwirtschaft* 1944-1947. 85.

²⁵⁸ Ibid., 81.

age population. The Assistant Secretary of State for Economics, Will Clayton, stated in a speech on 21 May 1945, “we have enormously increased our productive capacity during the war, especially in capital and producers’ goods – machinery, equipment, tools, and technical knowledge. This productive capacity is now far beyond our domestic requirements. If we are to reach a satisfactory level of post-war employment we must find markets abroad for this surplus production.”²⁵⁹ With such a scenario looming ahead, foreign trade policy became the focus of national interest for the post-war U.S.

Cordell Hull, Secretary of State since 1933, was a proponent of free international trade. From 1916, and throughout his twelve years as Secretary of State, Hull’s gospel was that “unhampered trade dovetailed with peace; high tariffs, trade barriers, and unfair economic competition, with war... If we could get a freer flow of trade... the living standards of all countries might rise, thereby eliminating the economic dissatisfaction that breeds war...”²⁶⁰ During a radio broadcast on 12 September 1943, the secretary repeated his credo, defining national interests as he saw them. “Beyond final victory, our fundamental national interests are—as they always have been—the assuring of our national security and the fostering of the economic and social well-being of our people,”²⁶¹ expressively stating the importance of international trade.

For this reason Hull was strongly dissatisfied with the point four of the Atlantic Charter concluded between President Roosevelt and Prime Minister Churchill. Point four expressed a vision of the future international trade by stating that the two nations, with due respect to their existing obligations, further the enjoyment by all states, great or small, victor or vanquished, of

²⁵⁹ U.S. Department of State, *The Department of State Bulletin*, Volume XII: Numbers 289-313, January 7-June 24, 1945. (Washington: U.S. Government Printing Office, 1945). 980.

²⁶⁰ Cordell Hull, *The Memoirs of Cordell Hull*, Volume I. (New York: The Macmillan Company, 1948). 81.

²⁶¹ U.S. Department of State, *The Department of State Bulletin*, Volume IX: Numbers 210-235, July 3-December 25, 1943. (Washington: U.S. Government Printing Office, 1943), 175.

access, on equal terms, to the trade and the raw materials of the world. For Hull, however, “the phrase ‘with due respect for their existing obligations, deprived the article of virtually all significance since it meant that Britain would continue to retain her Empire tariff preferences against which [Hull] had been fighting for eight years.”²⁶²

For the Secretary of State “to compromise on the essential principle of breaking down the Sterling Bloc [of the Empire tariff preferences], for that was the key to the reconstruction of the world economy after the defeat of the Axis.”²⁶³ During long and complicated negotiations between the U.S. and Great Britain, on the Lend-Lease program, Washington forced the British to accept, in Article VII, a language stipulating U.S. economic objectives clearly and precisely. The British finally agreed upon an Article VII stating “...to promote mutually advantageous economic relations between them and the betterment of world-wide economic relations. [They agreed] to the elimination of all forms of discriminatory treatment in international commerce, and to the reduction of tariffs and other trade barriers; and, in general, to the attainment of all the economic objectives [of the Atlantic Charter]...”²⁶⁴ The Lend-Lease Agreement was signed on 23 February 1942. To Hull, “the agreement [was] a long step toward the fulfillment, after the war, of the economic principles for which I had been fighting for half a century... The foundation was now laid for all our postwar planning in the economic field,”²⁶⁵ giving him and the principle of free trade the upper hand.

President Roosevelt, while backing the foreign trade policy of his Secretary of State, focused on two major objectives of the United States foreign policy expressed in the Atlantic Charter. Point six and eight stated the necessity of the final destruction of the Nazi tyranny and

²⁶² Hull, *The Memoirs of Cordell Hull*, Vol. II. 975-6.

²⁶³ Gabriel Kolko, *The Politics of War: the World and United States foreign policy, 1943-1945*. (1968; repr., New York: Pantheon Books, 1990), 249.

²⁶⁴ E.F. Penrose, *Economic Planning for the Peace*. 26.

²⁶⁵ Hull, *The Memoirs of Cordell Hull*, Vol. II. 1153.

of the disarming of aggressor nations. To keep a future world peace Roosevelt and Churchill envisioned “the establishment of a wider and permanent system of general security,”²⁶⁶ of the United Nations.

Vital national security interests prompted the President to engage the United States in European affairs to prevent a Nazi-dominated continent. “When American security was at stake,” Robert E. Osgood verifies in *Ideals and Self-Interest in America’s Foreign Relations*, “it was enlightened self-interest that called the tune.” The President on 17 July 1941 stated uncompromisingly the overwhelming importance of national security writing, “our policy is not based primarily on a desire to preserve democracy for the rest of the world. It is based primarily on a desire to protect the United States and the Western Hemisphere from the effects of a Nazi victory upon ourselves and upon our children.”²⁶⁷ A Nazi-dominated Europe did not fit into his design of a peaceful world with free trade and equal access of all nations to the resources of the world as explained in the Atlantic Charter.

The noble expectations aroused around the world by the sublime ambitions of the Atlantic Charter soon collided with the different national interests of the victorious powers. The principles declared in the Atlantic Charter as well as the national security interests of the United States allowed the President to ally both signatory powers with Stalin’s Soviet Union. The two western democracies needed the USSR urgently to defeat the Axis powers. Intense government propaganda served, as Hans-Peter Schwarz observed, the purpose to paper over the ideological cracks between western democracy and the Communist ideology of the new ally USSR.²⁶⁸ The end to defeat Hitler’s Germany justified the means of an alliance with Stalin.

²⁶⁶ Atlantic Charter, Point 8.

²⁶⁷ Robert E. Osgood, *Ideals and Self-Interest in America’s Foreign Relations. The Great Transformation of the Twentieth Century*. (Chicago: The University of Chicago Press, 1953). 425.

²⁶⁸ Schwarz, *Vom Reich zur Bundesrepublik*. 45.

Robert I. Gannon, S.J., mentions in *The Cardinal Spellman Story*, a memorandum of the Archbishop, written after a confidential 90 minutes conversation with President Roosevelt on 3 September 1943. During the conversation the President offered his intimate thoughts to the Archbishop about the future of the world regardless of restrictions, public opinion, and Allied interests, demonstrating his skills of pure-blooded power politics. Some “outstanding points of the conversation,” Spellman wrote in the memorandum, “throw a rather interesting light on the thought process of his host, the most influential man alive at the time.”²⁶⁹

The gist of the conversation, according to Gannon, is that President Roosevelt opined that the world would be dominated by the collaboration of the Big Four with their corresponding spheres of interest. China will dominate the Far East, the United States will rule the Pacific, while Britain and Russia will get Europe and Africa. Europe, the President assumed, will be dominated by Russia, whereas Great Britain with its colonial empire will concentrate on Africa. As territorial aggrandizement, Russia would receive Finland, the Baltic States, the eastern half of Poland [as Hitler already had conceded] and Bessarabia. The President accepted the possibility of Communist initiated and controlled governments in Germany, Austria and other countries, refusing any western attempts to stop the expected Communist advance. “It is natural,” the Archbishop noted, “that the European countries will have to undergo tremendous changes in order to adapt to Russia, but [Roosevelt] hopes that in ten or twenty years the European influences would bring the Russians to become less barbarian... He hopes that out of a forced friendship [with Russia] may soon come a real and lasting friendship. The European people will simply have to endure the Russian domination, in the hope that in ten or twenty years they will be able to live well with the Russians... Germany will be divided into several states... under the

²⁶⁹ Robert I. Gannon, S.J., *The Cardinal Spellman Story*. (Garden City, NY: Doubleday & Company, Inc., 1962). 222.

domination of the Big Four, mostly Russia. There will be no peace treaty, but simply a decree of the Big Four... Germany would be divided into the following states: Bavaria, Rhineland, Saxony, Hesse, Prussia. Wurttemberg would become part of Bavaria, Saxony would take parts of Prussia. Hannover would become an independent state; Germany would be disarmed for forty years.”²⁷⁰ Misunderstandings between the four great powers, the President believed, would be solved by direct negotiations among the leading statesmen. And he thought, as Hans-Peter Schwarz formulates, “to be the great champion at face-to-face negotiations.”²⁷¹ Truly not an impressive future the President crafted for Europe, and especially for Germany during the conversation with the Archbishop.

Accepting a Russian-controlled European continent instead of a German one, Roosevelt automatically invalidated the centuries-old successful British policy of a European balance of power. Hans-Peter Schwarz recognized Roosevelt’s grand design, a global balance of power. Roosevelt preferred, he writes, “instead of permanent interventions in the affairs of the European continent, to play Great Britain off against the Soviet Union, reserving for himself the function of a global referee.”²⁷² The financial and economic power of the United States supported Roosevelt’s perception of the United States as the sole global arbitrator of a postwar world.

For the defeated Axis powers, especially for Hitler’s Germany, the real intentions of the one-purpose war alliance slowly emerged during the course of the war. Did the Atlantic Charter speak only of the final defeat of the Nazi tyranny, an objective the British and Americans tightened at Casablanca to the unconditional surrender of Germany being at the sole mercy of the victorious powers? The Conference of Tehran furthermore darkened the future fate a defeated Germany had to expect. Several proposals for partition of Germany, including internationalizing

²⁷⁰ Ibid., 223-4.

²⁷¹ Schwarz, *Vom Reich zur Bundesrepublik*. 51.

²⁷² Ibid., 49.

parts of it, were on the table. Agreement could not be reached at Tehran. The European Advisory Commission got the tricky task to solve the problem.

At Tehran, Stalin, although not an original signer of the Atlantic Charter, demanded the amputation of East Prussia and of all German territory east of the Oder and Neisse rivers from the *Reich*, blatantly violating the basic principles promised in the Atlantic Charter. However, the most severe attack on German statehood, territory, economy and living conditions for the German people came from the country that is given the most credit for the recovery of Germany, the plan offered by the United States Secretary of the Treasury, Henry Morgenthau Jr., at the Second Quebec Conference. Churchill's memorandum, based on the Morgenthau's plan, and signed by both the Prime Minister and the President, asked for "the elimination of the war-making industries in the Ruhr and in the Saar areas."²⁷³ It proscribed turning Germany, the country of Europe with the highest standard of industrialization, into an agriculture-based economy.

At Quebec the Allies finally agreed upon zones of occupation for their forces. The Morgenthau Plan, after scorching public criticism, reemerged in large parts of the U.S. Joint Chief of Staff Directive 1067. The U.S. Government's hope that the Directive 1067 would be accepted by France, Great Britain and the Soviet Union as the general basic document for governing occupied Germany failed. The Potsdam Conference Protocol set the tone for Allied activities in Germany. Consent among the four Allies became the prerequisite for all-German actions. However, the different national interests of the Allies prevented in many important cases the required consensus. And it set the stage for the final division of Germany.

²⁷³ Stimson, Bundy, *On Active Service in Peace and War*, 576-7.

3.9. Summary

It took a coalition of nations to defeat Hitler's Germany. Nation-states that would never have been allies were drawn together by one force – fear of Nazi Germany. Once the threat was defeated, the special interests of each major state quickly reasserted themselves causing conflicts on how to make peace, how to restructure Germany, how to preclude a third World War. Germany ultimately benefitted from the divisions between the Allies, and the rise of the Soviet Union soon became the new primary enemy of the West. However, it would be wrong to attribute the final plan for Germany to enlightened, liberal democracy or universal principles for the treatment of humanity. Anger, hate, rage, passion and self-interest influenced the actions and decisions of all the major players, including the United States, which advanced initially, the most drastic plan of all—the Morgenthau Plan.

Chapter 4: The U.S. Military Government of Württemberg-Baden

4.1. Planning for Military Government

Early on in the war, the United States Army began training Civil Affair Officers for possible Military Government duties should a postwar military occupation of Germany occur. Already in April 1942, the military installed a School of Military Government at the University of Virginia in Charlottesville, later adding a second school at Fort Custer in Michigan. Twelve Civil Affairs Training Schools (CATS) located at universities throughout the United States complemented the two basic schools.

The officer-students selected to attend the schools were officers recruited from regular Army units, as well as increasing numbers of “officers commissioned direct from civilian life on the basis of their professional qualifications”²⁷⁴ needed in the future to govern Germany. The month-long training the students received at Charlottesville and Fort Custer covered general aspects of the future Military Government. After the basic course the officer-students transferred to different Civil Affairs Training Schools for two months of instruction. General military subjects, as well as instructions “in the history of military government, the mission of military government, public administration, and the people, geography, and institutions of the people of a certain area: Germany, Italy, France, and so forth,”²⁷⁵ filled the schedule at the Civil Affairs Training Schools.

Harold Zink, a professor of political science at Ohio State University, with firsthand knowledge of the program as a member of the Military Government in Germany from 1944 on, judged in *American Military Government in Germany* the results of the training program as generally positive. However, he criticized that “the great majority of the officers never acquired

²⁷⁴ Harold Zink, *American Military Government in Germany*. (New York: The Macmillan Company, 1947), 6.

²⁷⁵ *Ibid.*, 9.

enough of any foreign language to be able to use it with any degree of facility.”²⁷⁶ Zink regarded it disadvantageous to the students that they could not specialize in a single country from early on in the program. Instructions about West European history and nation states in broad general terms did not provide the students with “the detailed knowledge that was so widely needed to handle concrete German problems.”²⁷⁷ Actually, the most important aspects of the training—current events and up-to-date facts and information about Germany since Hitler’s rise to power in 1933, and especially after the outbreak of the war in 1939, were not available during the training program.

After finishing the program in the United States the students destined for duty in Germany were assigned to the British national academy at Shrivenham. At the academy roughly 150 American and British officers designated for Germany organized in January 1944 the so-called German Country Section. A few weeks later, in the middle of February, “the Civil Affairs Division G5 of the Supreme Headquarter[s], Allied Expeditionary Forces (SHAEF) brought into being a country unit for Germany (German Country Unit, respectively German Country Section), later called by historians the predecessor of the Office of Military Government U.S. in Germany [OMGUS].”²⁷⁸

The composition of the German Country Section reflected the structure of the highest German administrative authorities. As its major objective, the section prepared the U.S. occupation’s administrative structure for Germany corresponding to the *Reich* level down to the county and community level, established procedures for supervision and management of the Displaced Persons, of the German economy, the public services, feeding, labor, post and

²⁷⁶ Ibid., 10.

²⁷⁷ Ibid., 11.

²⁷⁸ Christoph Weisz, Hg., *OMGUS Handbuch, Die amerikanischen Militärregierung in Deutschland 1945-1949*. (München: R. Oldenbourg Verlag, 1994). 7.

communication services, finance, justice, interior, traffic, and property control.²⁷⁹ (see organizational charts of the Military Government in the Western Military District of the U.S. Zone pages 124-127)

In August 1944, members of the German Country Section relocated to SHAEF Headquarters in France. The major task of the section prior and past D-Day became the writing and editing of the *Handbook for Military Government in Germany Prior to Defeat or Surrender*. However, interventions by the Secretary of the Treasury, Henry Morgenthau, stopped the printing of the third draft of the handbook, already approved by the Chief of Staff of SHAEF. Several months passed before the handbook, with acceptable alterations could be printed in December 1944 and distributed to the members of the future military government.

In Paragraph 5, Chapter I of the Handbook, General Eisenhower, the Supreme Commander of SHAEF, outlined the primary objectives of the Military Government for Germany:

- (a) Imposition of the will of the Allies upon occupied Germany.
- (b) Care, control and repatriation of United Nations displaced persons and minimum care necessary to effect control of enemy refugees and displaced persons.
- (c) Apprehension of war criminals.
- (d) Elimination of Nazism, Fascism, German militarism, the Nazi hierarchy and their collaborators.
- (e) Restoration and maintenance of law and order, in so far as the military situation permits.
- (f) Protection of United Nations property, control of certain properties and conservation of German foreign exchange assets.
- (g) Preservation and establishment of suitable civil administration to the extent required to accomplish the foregoing objectives.²⁸⁰

SHAEF requested on 5 August 1944 the creation of another planning element, the United States Group Control Council (USGCC). Parallel to the German Country Section, this element

²⁷⁹ Ibid., 7.

²⁸⁰ SHAEF, Office of the Chief of Staff, *Handbook for Military Government in Germany Prior to Defeat or Surrender, Part I*. (December 1944). Ch. I, Paragraph 5.

would plan and develop policies and directives for Military Government on a national level because of Soviet disinterest in creating a Tripartite Control Machinery for Germany at that time.²⁸¹

4.2. The Structure of the United States Military Government in Germany

The War Department announced on 31 March 1945 the assignment of General Lucius D. Clay as the Deputy Military Governor of Germany under the governorship of General Eisenhower, the Commander of SHAEF. With the same order, General Clay took over USGCC as Commanding General. The combination of both offices in the person of General Clay would eliminate competition with tactical commanders and guarantee the uniform development of policies and directives, as well as the uniform application of regulations and guidelines throughout the Military Government in the U.S. occupation zone.

In June 1945, the USGCC became the top-level administrative agency of the U.S. Military Government, later known as OMGUS, made up of the Office of the Deputy Military Governor (Executive Office) with several major divisions and numerous branches and sections,²⁸² located at Berlin. At the same time, the European Theater of Operations, United States Army (ETOUSA), the successor of SHAEF, renamed as United States Forces European Theater (USFET), became the command authority for all U.S. forces throughout Europe, headquartered in Frankfurt/Main. The Civil Affairs Division G5 of USFET converted into the Office of Military Government, U.S. Zone, “placed under a military governor who also served as the commanding general of the American Forces in ETO (European Theater of Operations) as well as the American representative on the Allied Control Council for Germany,”²⁸³ as Harold Zink summarized up the duties of the top military U.S. officer in Europe.

²⁸¹ Weisz, *OMGUS Handbuch, Die amerikanischen Militärregierung in Deutschland 1945-1949*. 11.

²⁸² Ibid., 29-32.

²⁸³ Zink, *American Military Government in Germany*. 52.

It is not the intention to follow up on all the internal and external organizational changes the Military Government underwent during the years of occupation. It is equally not an objective to describe the organizational development of the U.S. Forces in Germany from a fighting force to an occupation force, from a several millions man army to an occupation army of less than 200,000. However, operational reasons forced the military to divide the U.S. Zone into two Military Districts. The state of Bavaria became the Eastern Military District with the Third Army initially in charge as the operational command. The Western Military District covered the state of Hessen, and the northern parts of the states of Baden and Württemberg with the Seventh Army as operational command.

In addition to the *Handbook for Military Government Prior to defeat or Surrender*, Headquarters USFET issued in July 1945 a directive to the commanding generals of the Military Districts of the U.S. occupation zone: *The Administration of Military Government in the U.S. Zone in Germany*. This text detailed the operations and duties of the Military Government Organization.

Military Government detachments will be provided by Military District Commanders as units for use in the exercise of Military Government in their Districts...

(1) [A] Military Government Regional Detachment will be located at the capital of each Military Government Region. [It] will be responsible for controlling the activities of German civil administration... in the region on behalf of the Military District Commander... the Regional Military Government officer will command all Military Government Detachments within the region.

(2) [A] Military Government Detachment will be located at each *Regierungsbezirk* capital... [It] will be responsible directly to the Regional Military Government Officer for the Administration of Military Government throughout the *Regierungsbezirk*.

(3) [A] Military Government Detachment will also be located at the headquarters of the principal Stadt- and Land-Kreise and will be responsible directly to the appropriate *Regierungsbezirk* Detachment for the administration of Military Government throughout the Stadt- or Land-Kreise.

(4) Military Government control will therefore run in a direct line upwards from Stadt- or Land-Kreise Detachment, to *Regierungsbezirk* Detachment, to Regional Detachments, and thence to the Military District Commander.²⁸⁴

The Military Government Organization covered the U.S. occupation zone with a closely meshed net, able to detect even small aberrations from policies forced on the Germans by the occupation authorities. The size of the detachments varied according to the size of the *Stadt/Land-Kreis*, its population and its economic infrastructure. Par example, the Liaison and Security (LSO) Detachment for the *Landkreis* of Öhringen had a strength of two officers and seven soldiers, whereas the city of Heidelberg attracted a LSO Detachment of sixteen officers and thirty-one soldiers as of 26 August 1945.²⁸⁵

The sweeping powers given to the Military Government Detachments is listed in No. 6.c. (1)-(3) of the USFET regulations.

[The Military Government Detachments] serve as the primary agency for the control, direction and supervision of the German civil authorities... [and] to conduct the operations of Military Government concerned with the direction and control of the German civil government at the appropriate Detachment level; with the care, control and repatriation of United Nations displaced persons; with the operation of Military Government courts; with the execution of financial control policies; with the execution of policy with respect to reparations, deliveries and restitutions; with the preservation of documents, fine arts and archives; and with the execution of de-Nazification and demilitarization programs in the agencies they are supervising.²⁸⁶

The *Handbook for Military Government in Germany Prior to Defeat or Surrender* specified in Paragraph 38 that the German regional system would be the base of the U.S. Military Government. Units of Military Government would be installed at four levels of the German administrative system. “Mil. Gov. officers will work at [the] Ministerial, *Provinz*

²⁸⁴ HQ USFET, *Administration of Military Government in the U.S. Zone in Germany*, July 1945. Part 6, No. 1, b, (1)-(4).

²⁸⁵ Weisz, *OMGUS Handbuch*. 495-6.

²⁸⁶ HQ USFET, *Administration of Military Government in the U.S. Zone in Germany*. No. 6.c. (1)-(3).

[Province]/*Land* [State]/*Reichsgau* [since 1933 newly established districts], *Regierungsbezirk* [Government District] and *Kreis* [county level].”²⁸⁷

The university-educated personnel designated for the Military Government of Germany formed into three Military Government Regiments. The 2nd Military Government Regiment covered the Western Military District and the 3rd Military Government Regiment the Eastern Military District. The Office of Military Government (Western District) was assigned to the Headquarter 7th U.S. Army at Heidelberg, whereas the five companies of the 2nd Military Government Regiment controlled and supervised the state of Württemberg-Baden as well as the state of Hessen, both created by General Eisenhower’s Proclamation No. 2, 19 September 1945.

The five companies A-E of the 2nd Military Government Regiment represented the U.S. military governing authorities for the administrative subdivisions of the Western Military District. Detachment E-1 of Company A became responsible for the Württemberg Section, Detachment E-3 of Company B monitored the *Regierungsbezirk* Hessen-Darmstadt, Detachment E-4 of Company C policed the *Regierungsbezirk* Kassel, Detachment E-5 Company D managed the *Regierungsbezirk* Wiesbaden, and Detachment E-7 of Company E controlled the North Baden Section. Regarding the state of Württemberg-Baden the detachments of the Military Government were attached analog to the political and regional organization of the new state (see chart). Detachment E-1 of the Württemberg Section was responsible for the Liaison and Security offices (LSO) for three *Stadtkreise* (city county), eighteen *Landkreise* (county), and one warehouse operation. The Detachment E-7 of the North Baden Section had fourteen LSOs for four *Stadtkreise*, eight *Landkreise* and two warehouse operations under its wings.²⁸⁸

²⁸⁷ *Handbook for Military Government in Germany Prior to Defeat or Surrender*. Paragraph 236.

²⁸⁸ USFET, Weekly Info Bulletin No. 14, *Station List Military Government Elements*. 27 October 1945.

4.3. Personnel problems of Military Government

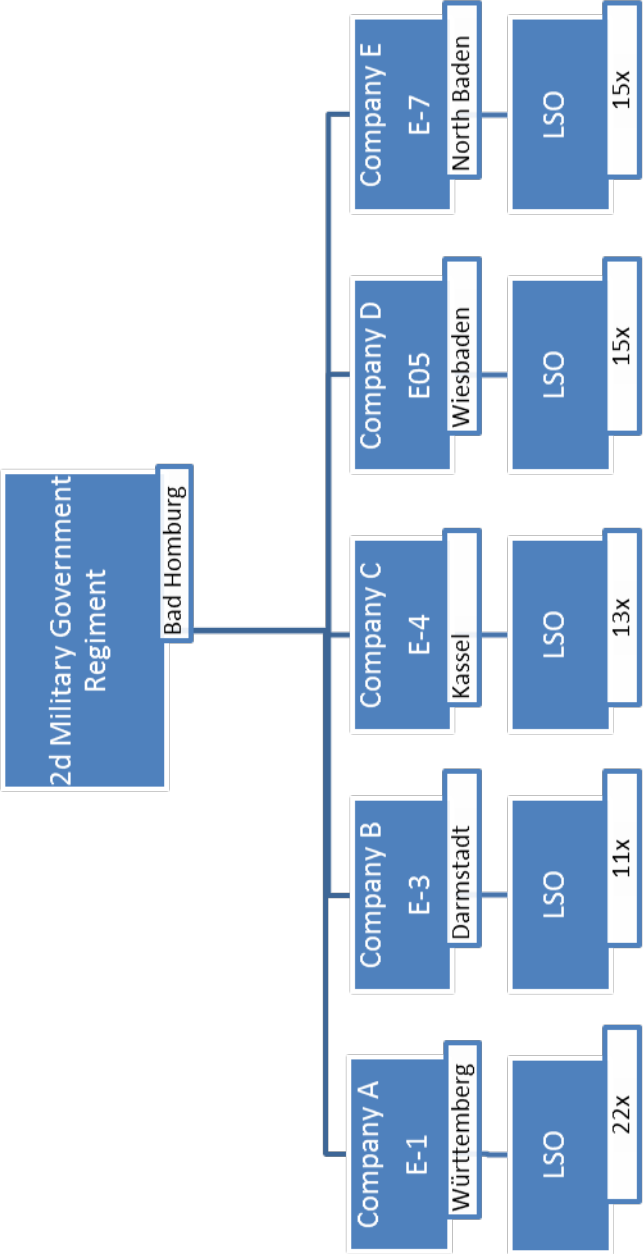
Most of the officers commissioned from civilian life and trained at Charlottesville and Fort Custer were highly motivated specialists looking forward to beginning their tours in Military Government. Initially attached to the combat troops, their detachments tried to restore some resemblance of civilian life for the German population and to establish a denazified administration in occupied cities, towns and villages.

After the hostilities ended, numerous Military Government-trained specialists were reassigned to non-Military Government duties, while “officers from combat units and service troops joined the Military Government... shortly [if at all] prepared for their jobs in Romilly, (France), Bielefeld or in Bad Homburg.”²⁸⁹ Lieutenant Colonel Marshall Knappen, Rhodes Scholar and Professor of History and Political Science at Michigan State University served as the Chief of the religious Affairs Section and Deputy Chief of the Education Section at the Office of Military Government. In his book *And call it Peace*, he alleged “that the tables of organization [of Military Government] of its various agencies could be expanded in such a way as to accommodate many high-ranking officers for whose services there would no longer be a need in the combat and supply phases... None of these new men, so far as is known, had attended the military government training schools, and almost none of them had any knowledge of German or Germany.”²⁹⁰ And Harold Zink, a ‘man of the first hour’ regarding Military Government, for

²⁸⁹ Weisz, *OMGUS Handbuch, Die amerikanischen Militärregierung in Deutschland 1945-1949*. 488.

²⁹⁰ Knappen, Marshall, *And Call it Peace*. (Chicago, The University of Chicago Press, 1947). 73.

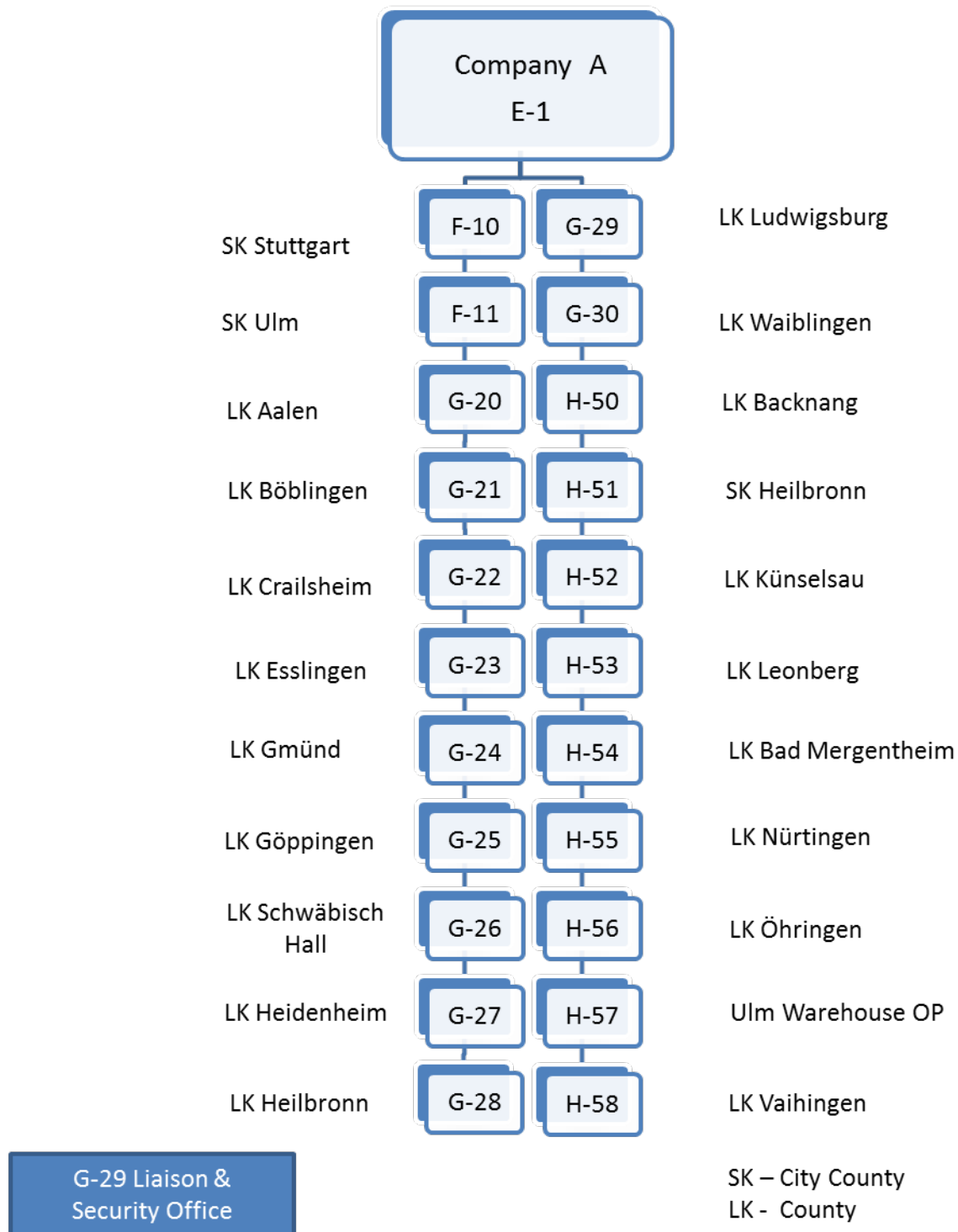
Military Government Units of the Western
Military District, U. S. Occupation Zone



LSO – Liaison and Security Office at county level

Source: USFET Weekly Information Bulletin No. 14,
27 Oct 45

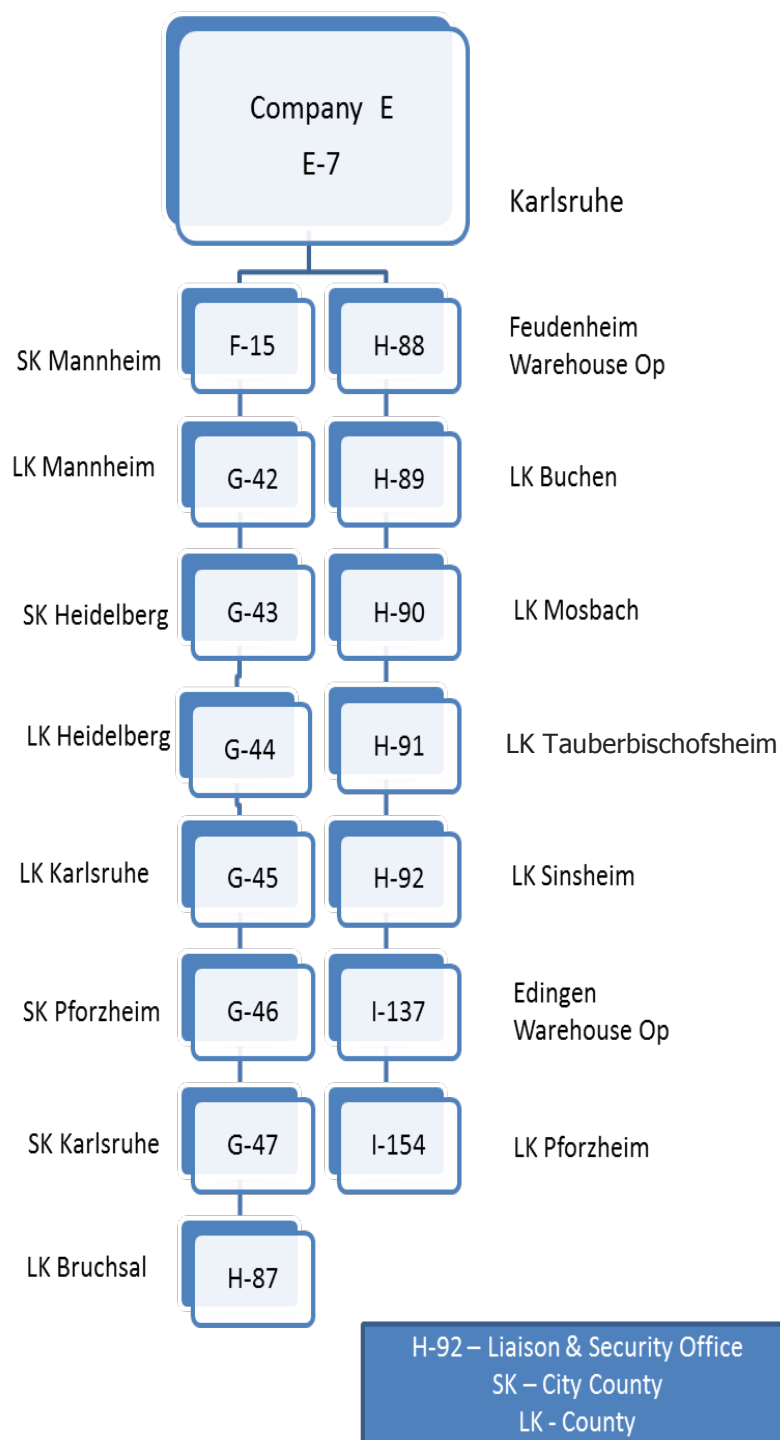
Military Government of Württemberg Detachment E-1, Company A, 2d Mil Gov Rgt



Source: USFET Weekly Information Bulletin, No. 14, 27 Oct 45.

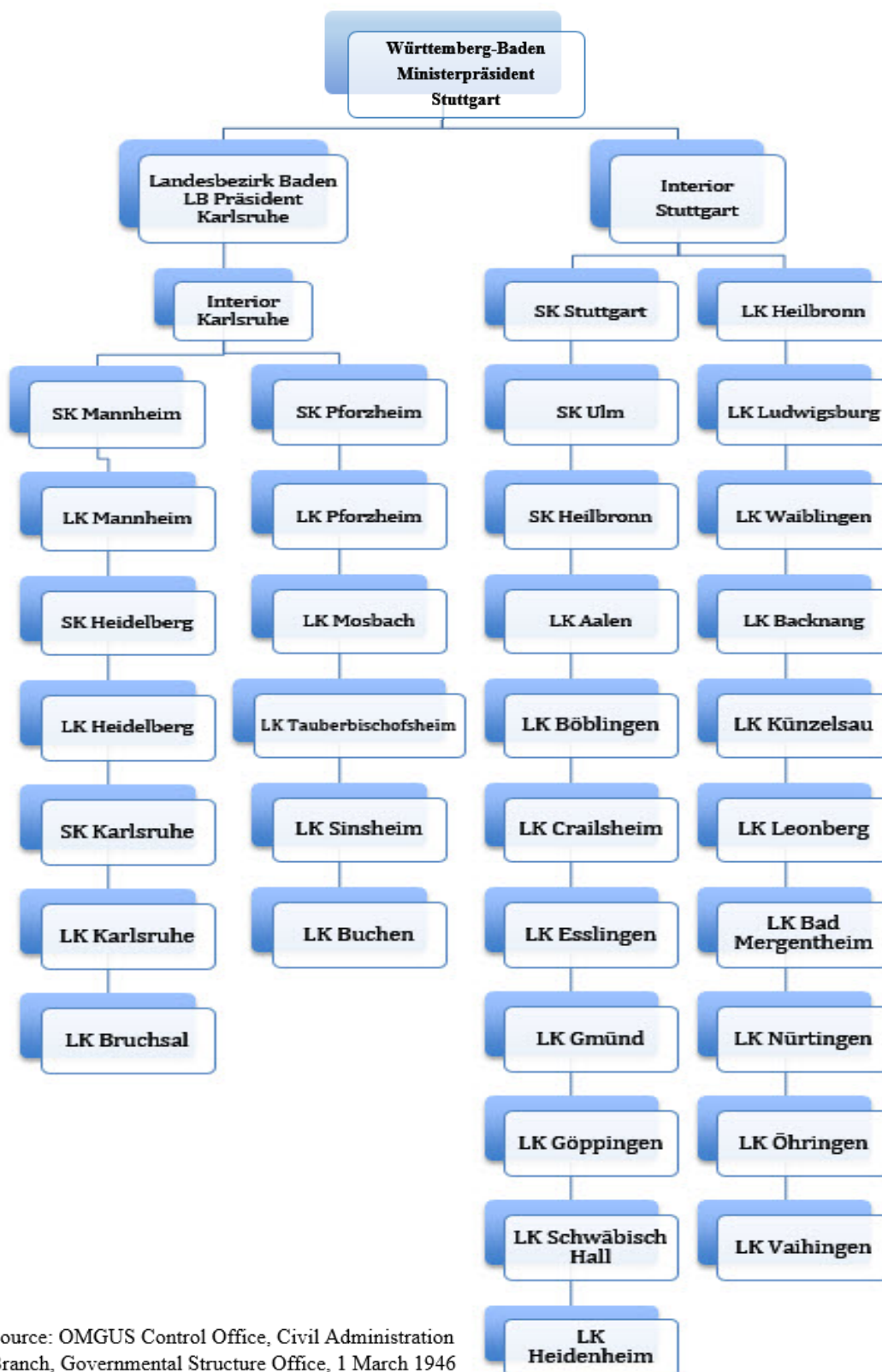
Military Government of North Baden

Detachment E-7, Company E, 2d Mil Gov Rgt



Source: USFET Weekly Information Bulletin ,
No. 14, 27 Oct 45

Chart 4: Political and regional organization of Württemberg-Baden 1946-1952



Source: OMGUS Control Office, Civil Administration Branch, Governmental Structure Office, 1 March 1946

example, criticized the quality of officers, assigned for duty in Military Government, because many had “little self-control, indifferent moral standards, and a record of failure in their domestic relations and social groups at home.”²⁹¹ It is to be expected that the active combat units kept the best officers, releasing the officers of mediocre quality.

Yet another reason for the increasing personnel turnover were the mandatory discharges of many officers and enlisted because their time of service ended in September 1945. Beginning in September 1945, the Military Government units faced increasingly grave problems in replacing discharged personnel with qualified ones. Through discharges, the Military Government of Württemberg-Baden went down from 1,462 officers and enlisted on 27 February 1946 to 601 on 1 June 1946,²⁹² caused by President Truman’s rapid redeployment program and his domestic policies requiring the return of soldiers to civil life to support retooling the American non-war economy.

Several authors judged the questionable standards of members of the Military Government and of members of the occupation troops critically. Frank Ninkovich objected to the attitudes of “higher ranking officials often requisition[ing] the most desirable German housing stock and land, mak[ing] generous use of German servants... Frequently the imperial standard of living so far exceeded that which would have been possible in America that it bordered on the obscene.”²⁹³ The U.S. diplomat, George F. Kennan, wrote with disgust about his fellow countrymen during his two visits to Germany after the fighting ended. “...I had come away with a sense of sheer horror at the spectacle of this horde of my compatriots and their

²⁹¹ Harold Zink, *The United States in Germany 1944-1955*. (Princeton, N.J.: D. van Nostrand, 1957). 8-9. Similar observations were noted by Earl F. Ziemke in his article “Improvising Stability and Change in Postwar Germany.” in Robert Wolfe, ed. *Americans as Proconsuls: United States Military Government in Germany and Japan, 1944-1952*. (Carbondale: Southern Illinois University Press, 1984). 52-66.

²⁹² Weisz, *OMGUS Handbuch, Die amerikanischen Militärregierung in Deutschland 1945-1949*. 488.

²⁹³ Frank Ninkovich, *Germany and the United States. The Transformation of the German Question since 1945*. 29.

dependents camping in luxury amid the ruins of a shattered national community, ignorant of the past, oblivious to the abundant evidence of present tragedy all around them... setting an example of empty materialism and cultural poverty before a people desperately in need of spiritual and intellectual guidance...”²⁹⁴ Supporting the arguments of Ninkovich and Kennan, Eugene Davidson enumerates that “that four Germans serv[e] every American soldier in some form: maids for every American household; service battalions for the troops; secretaries, technicians, chauffeurs – all paid for by the Germans.”²⁹⁵ Further, he mentions “30,000 brassieres used by DP women, a ton of water bugs for the pet fish owned by an American general, a bedspread of white Korean goatskin... cigarette cases worth 288 marks each were presented to [the generals] guests and charged to occupation costs.”²⁹⁶

In a letter of 5 March 1947, General Eisenhower, Chief of Staff of the Army, took the same line as Frank Ninkovic and George F. Kennan. He asked General Clay, the Deputy Military Governor, to clarify “following allegations... that many officers have an excessive number of servants, often fed from Army rations; that “country homes” are assigned to certain officers in addition to their regular billets... that many persons make high profits from black-market or barter transactions with Germans who, by force or circumstances, trade their possessions for essential food...”²⁹⁷

These cases darken the glowing picture painted by many scholars of the U.S. occupation in their objective to bring democracy to defeated Germany, indicating that too many U.S. Army leaders did more to impede than to help. In his article, *Did the United States Create Democracy in Germany?* James L. Payne cites Michel Ignatieff at the Kennedy School of Government at

²⁹⁴ George F. Kennan, *Memoirs 1925-1950*. (Boston: Little, Brown and Company, 1967). 428-29.

²⁹⁵ Eugene Davidson, *The Death and Life of Germany*. (New York: Alfred A. Knopf, 1961). 260-61.

²⁹⁶ *Ibid.*, 261.

²⁹⁷ Eisenhower Library, Dwight D. Eisenhower Pre-Presidential Papers, 1916-1952, Box 24 Lucius D. Clay, Box 151, Military Government of Germany, various.

Harvard, Larry Diamond, Juan J. Linz and Seymour Martin Lipset, scholars of democratic development and others all supporting the notion that the post-WW II U.S. occupation of Germany imposed democracy on the country. However, James L. Payne concludes after surveying contemporary literature, “a close look reveals that, from the standpoint of democratic nation building, the U.S. occupation of Germany is actually a lesson on what not to do.”²⁹⁸

The negative impacts of years of anti-German propaganda, of official policies expressed as “no steps looking toward economic rehabilitation of Germany are to be undertaken except as may be immediately necessary in support of military operations,” and “no relief supplies are to be imported or distributed for the German population... beyond the minimum necessary to prevent disease and such disorder as might endanger or impede military operations,”²⁹⁹ prevailed at many U.S. leaders. Additionally, paragraph 11 of the handbook stated that “full use will be made of indigenous resources for supplies and equipment.” The handbook’s paragraphs fit neatly into the directive 1067 of the Joint Chiefs of Staff. The directive stated the official ambitions of the United States to punish defeated Germany by forcing it back into a country based mainly on agriculture with light domestic industries. And personal resentment against Germans existed among the three million U.S. forces in Germany in 1945. A good example is General Smith, General Eisenhower’s Chief of Staff’s answer to Colonel Andrew Stanley “don’t get too worked up and concerned about these Germans; the policy is to make it hard on these SOB’s to get going again.”³⁰⁰

One has to assert that the official U.S. policy was to punish the German people and to prevent the resurrection of a strong Germany. U.S. leaders at all levels supported the official

²⁹⁸ James L. Payne, “Did the United States Create Democracy in Germany?” in *The Independent Review*. 11.2 (Fall 2006). 211.

²⁹⁹ Supreme Headquarters, Allied Expeditionary Force, Office of the Chief of Staff, Handbook for Military Government in Germany Prior to Defeat or Surrender, Part 1. Part I, Paragraph 5 (i), (ii).

³⁰⁰ Andrew Stanley, *The Journal of a Retread*. 407.

policies by impeding a German recovery during the first two years of the occupation. The first indication of a change of attitude toward Germany was Secretary of State Byrnes' speech on 6 September 1946 in Stuttgart. General Clay summarized the speech in *Decision in Germany* that "while the major requirements of JCS 1067 remained, the punitive tone was replaced with constructive purpose. The German people were promised the opportunity and assistance to rejoin the family of nations."³⁰¹ At least some leaders, including Secretary of State Byrnes and General Clay feared that hunger rations, poverty and a lack of hope for the future would push the people of the three western occupation zones to Communism. Nonetheless, despite the negative aspects of government policies like the JCS 1067 and the misbehavior of officials of all ranks, one can state that the majority of the people in Military Government were trying to do the best in their assigned jobs.

4.4. Summary

The U.S. Army undertook intensive preparations to train and educate officers intended to represent the Allied forces on-site in Germany after victory and to enforce the Allied war objectives. Very few of the men had sufficient knowledge of the German language and of the specific political and bureaucratic structures, aside from recent political developments, making it difficult to deal with the local problems. The high turnover of personnel starting in September 1945, the influx of less qualified men, as well as a fifty per cent reduction in strength by the end of 1946 hampered the efficiency of the organization at all levels. Aside from some examples of misbehavior of officials up to the highest ranks, the members of the Office of Military Government U.S. organization were highly motivated to do their jobs. Experiencing the situation on the ground, they often circumvented the official policy of punishment put into

³⁰¹ Lucius D. Clay, *Decision in Germany*. (Garden City, NY: Doubleday & Company, Inc., 1950). 81.

writing in JCS 1067, by implementing the “disease and unrest clause” of the document preventing starvation and instituting hope in the Germans for a better life.

Chapter 5: Stuttgart, capital of Württemberg-Baden in the U.S. Zone

5.1. Introduction

Stuttgart, the capital of the recently by decree created South German state of Württemberg-Baden welcomed newly arriving U.S. family members in 1947, according to the booklet, *An Introduction to Germany for Occupation Families*, as “a city of almost half a million population... [Stuttgart] had the misfortune... of being one of the most important engineering communities in Germany... After Allied bombers hit Stuttgart in the fall of 1944, it burned for two weeks, and when the fire finally was brought under control, the city was 70 per cent destroyed.”³⁰² What had the occupation families to anticipate “after a thirteen-hour ride from Bremerhaven to Frankfurt”³⁰³ by military train, with a 130 miles drive by car still ahead?

Certainly, the newcomers would experience a Stuttgart different from the city Lieutenant Robert Franklin lived to see when he arrived in Stuttgart on 23 April 1945. Franklin and his team were the first Americans entering the city after Free French Forces occupied Stuttgart between 20 and 22 April. The entire city core you can look at as a pile of debris, he described. Burned out walls are the only remains left of the city center. Most streets are blocked for trucks by heaps of rubble. Seven or eight large buildings are still burning.³⁰⁴ A U.S. Liaison Officer Team from Wiesbaden left for Stuttgart at the end of April. Travelling by car, the team needed for the distance of approximately 140 miles one and a half days, compared to today’s average travel time of less than two hours. Their impression of Stuttgart is depressing: women trying arduously to clear the streets from rubble and ashes without adequate tools, equipped only with buckets, no

³⁰² Information and Education Service, *An Introduction to Germany for Occupation Families* (HQ USFET, Jan. 1947), 162-3.

³⁰³ Ibid., 163.

³⁰⁴ Ulrich M. Bausch, *Die Kulturpolitik der US-amerikanischen Information Control Division in Württemberg-Baden von 1945 bis 1949* (Stuttgart: Klett-Cotta, 1992), 15.

electricity, no running water, debris and ruins all over the city.³⁰⁵

Eighteen months after the end of the war most of the incoming occupation families were confronted with lodging in duplexes lacking many commodities like furniture and flatware. However, the U.S. families could enjoy recreation facilities like “tennis courts, hunting lodges, golf courses, bowling alleys, riding stables, an indoor swimming pool with steam baths and massages, several theaters, a snack bar, service clubs, a Red Cross Club and a library,”³⁰⁶ making the newcomers feel a little bit like at home.

5.2. Stuttgart in April/May 1945

However, in the city of Stuttgart of May 1945 and later none of the remaining 266,067 residents of formerly 458,429 in 1939 thought of tennis courts, a hunting lodge, a golf course, bowling alleys and riding stables. The peoples’ main objective was to survive, to find shelter, clothing and food. What happened to the capital of the new state of Württemberg-Baden created by the Americans,³⁰⁷ during the war?

Stuttgart, the capital of the former Kingdom of Württemberg and of its successor, the People’s State of Württemberg during the Weimar Republic lost its political functions during the Third *Reich*. The city became the major economic and cultural center of the NS *Gau* of Württemberg-Hohenzollern in the highly centralized Third Reich. During the war Stuttgart suffered heavily to an extent never experienced over its lifetime as a city since 1219.

American and British airplane formations raided Stuttgart fifty-three times between August 1940 and April 1945, Stuttgart being a primary target for “Bombers over Axis

³⁰⁵ Ibid., 17.

³⁰⁶ Information and Education Service, *An Introduction to Germany for Occupation Families*, 163.

³⁰⁷ Military Government-Germany United States Zone, Proclamation No. 2 of September 19, 1945.

Industry.”³⁰⁸ The Allied air forces attacked seventeen times during the day and thirty-six times during the night. The night-time air raid of 12 September 1944 brought the worst for the city. The U.S. Bomber Group No. 5 assaulted the city, according to Jörg Friedrich in *Der Brand, Deutschland im Bombenkrieg 1940-1945*, from 22:59 to 23:30 with five hundred planes. During 1943, the Allied air forces shifted the focus of the air attacks from mainly industrial centers and plants to the carpet-bombing of the residential areas of cities to break the moral of the German people. Carpet-bombing achieved the highest effectiveness in the densely built-up centers of cities with half-timbered frame houses and narrow alleys dating back to the Middle Ages. Sophisticated attack patterns with incendiary bombs penetrating through all levels of dwellings, igniting fires from the basements to the housetops. Blockbuster bombs crushed windows and stripped houses of their roofs as far as 500 meters away fanning the fires tremendously.

Illuminating the target area with flares as bright as daylight during the night of 12 September 1944, the airplanes dropped “75 blockbusters, 4,300 high explosive bombs and 180,000 incendiary [bombs] in an area of narrow streets and densely spaced blocks around the Hegel-, Hölderlin- and Schwabstrasse. Stuttgart’s location in a narrow deep valley reinforced the firestorm covering an area of five square kilometers. The rapidity of the developing firestorm prevented residents from reaching air raid shelters, increasing the death rate.”³⁰⁹ Surprised, Jörg Friedrich notes the relatively low number of one thousand people killed during the raid. Most incurred suffocation from carbon monoxide in the basements of their dwellings.

³⁰⁸ Dwight D. Eisenhower, *Crusade in Europe*, (Baltimore: The John Hopkins University Press, Paperback edition, 1997), 65.

³⁰⁹ Jörg Friedrich, *Der Brand, Deutschland im Bombenkrieg 1940-1945*, 3rd ed. (München: Propyläen Verlag, 2002), 336.

The rapidly developing firestorm kept them away from the better protection of professionally built air raid shelters.³¹⁰

Lieutenant Robert Franklin with his men, as well as the U.S. Liaison Officer Team from Wiesbaden, got the first impression on the effects of the fifty-three allied air attacks with the objective to eliminate the city as a war-material producing center supporting Hitler's war efforts. What did the fifty-three air attacks with a German-estimated 6,100 airplanes achieve between 25 May 1940 and 19 April 1945? What did the 21,246 tons of Allied bombs destroy in a city spread out over 81.3 square miles? With this amount of bombs of all kinds "Stuttgart belonged to the most heavily bombed cities after Berlin, Essen, Duisburg, Köln and Frankfurt."³¹¹

Overall, the attacks killed 4,477 people, thereof 3,618 residents, 770 foreign nationals, in this case probably forced or slave laborers and 89 non-residents. Additionally, 8,909 people were injured and 85 people were missing. Of all of the fifty-three attacks the attack of 12 September 1944 was the deadliest with 957 people killed, 1,600 injured and 14 people missing.

Of the fifteen bridges across the Neckar River, Allied air attacks were able to destroy only one bridge, the *Rosenstein Brücke* between the inner city and Bad Cannstatt during a raid of 250 airplanes, lasting about forty-five minutes on 19 October 1944. The retreating German forces blew up thirteen of the fifteen bridges on 21 April 1945, thereof seven road bridges, three railroad bridges, and three pedestrian bridges. The lightly damaged *Volta Steg* (a *Steg* is a small bridge for pedestrian traffic only), close to the Münster power plant and the undamaged *Berger Steg* were the only connections left to the inner city with its major industrial district of Bad Cannstatt on the right bank of the Neckar River. Unlimited access across the river the city only achieved when the last destroyed bridge, the *Obertürkheimer Brücke*, reopened on 5 September

³¹⁰ Ibid., 336.

³¹¹ Hanns-Georg Helwerth, M. Schmid, *Stuttgart zwischen Bomben und Trümmern 1944-1950*, (Stuttgart: Stadtarchiv, 1995), 5.

1956. The preservation of the *Berger Steg* with its water mains saved Stuttgart's potable water supply, a major advantage for the devastated city.

Apart from the bridges, the Allied air attacks were much more efficient in damaging and destroying residential buildings, plants, agricultural operations, hospitals, churches, schools, and other public buildings. Of the 48,000 dwellings Stuttgart had in 1945, 32,549 sustained damages of more than five percent, representing 67.8 per cent of all housing. From the 14,000 commercial and agricultural edifices 4,648 were damaged, a third of the inventory. Of the 3,000 public buildings, including hospitals, schools, and administrative offices 1,048 were damaged, a rate of 34.9 per cent. The remaining real estates of 3,000 edifices, 2,120 were unharmed, they had the lowest destruction rate of 29.3 per cent.

The religious communities of Stuttgart possessed one hundred church buildings. Only twenty-one survived the air attacks undamaged. Nineteen churches were completely destroyed, twenty-six were heavily and sixty-six lightly damaged. Of the seventy-five elementary schools (*Volksschulen, Mittelschulen, Sonderschulen*) eighteen were completely destroyed, thirty-nine damaged and eighteen, equaling 24 per cent undamaged.

Movie theaters provided in 1939 9,363 seats for the residents of the city. Enemy actions reduced the seat capacity to 2,991 by 1945. The Allied air attacks hit especially hard the lodging industry. The thirty-four hotels of the city offered 2,390 beds in 1939. Twenty-six of the hotels were destroyed, eliminating 76.5 per cent of the capacity. Only four hotels were undamaged, respectively lightly damaged, providing a maximum of 326 guest beds, reducing the overnight-stay capacity to 13.6 per cent.³¹² Not a very promising state of affairs for the future seat of the United States Military Government for the state of Württemberg-Baden.

³¹² Statistisches Amt der Stadt Stuttgart, *Statistisches Handbuch Der Stadt Stuttgart 1900-1957*, (Stuttgart: Deutsche Verlags Anstalt, 1959), 18, 19, 240-253.

5.3. The French occupation of Stuttgart

It was merely the blink of an eye in Stuttgart's history – the intermezzo of the city's occupation by French forces from 21 April to 8 July 1945. In opposition to the Allied plan of operation for the 6th U.S. Army Group, the attached 1st French Army headed east after crossing the Rhine River, instead of advancing south through the Rhine valley toward the Swiss border. After traversing the Black Forest and capturing the city of Tübingen on 19 April, the French turned north toward Stuttgart. They occupied the city on the left bank of the Neckar River on 21 April. Forces of the 7th U.S. Army advancing upstream through the Neckar River valley arrived hours later and occupied the parts of Stuttgart on the right bank of the Neckar River. The Neckar bridges, blown up by the retreating German forces prevented the French from taking over the whole city.

Although Stuttgart, as well as the city of Karlsruhe, belonged to the agreed upon U.S. Zone of occupation, the southern border being the *Reichsautobahn* Karlsruhe-Stuttgart-München, the French remained in Stuttgart notwithstanding strong U.S. objections. A telegram from de Gaulle, 29 March 1945, urged the commander of the 1st French Army to cross the Rhein and to take the cities of Karlsruhe and Stuttgart ahead of his U.S. neighbor, General Patch. For de Gaulle, capturing both cities was a matter of highest national interest.³¹³ According to General de Gaulle in a letter of 2 May, General Eisenhower conceded to him, understanding the French position.³¹⁴ The U.S. forces pulled out of the districts of Stuttgart on the right bank of the Neckar River. French forces occupied these districts on 4 May, extending their occupation to the whole city.³¹⁵ Later, threats by the Americans to cancel all U.S. supply for the French forced de

³¹³ Charles de Gaulle, *The Complete War Memoirs of Charles de Gaulle*, transl. by J. Griffin and R. Howard. (New York: Carroll & Graf Publishers, Inc., 1998), 845-6.

³¹⁴ Ibid., 683.

³¹⁵ Hermann Vietzen, *Chronik der Stadt Stuttgart 1945-1948*, (Stuttgart: Ernst Klett Verlag, 1972), 37.

Gaulle to submit to U.S. pressure to hand over the city on 8 July.³¹⁶ Seventh U.S. Army ordered units of its VI Corps to take over the areas of the Länder Württemberg and Baden “designated for the United States Zone.”³¹⁷ To save face, de Gaulle claimed in his memoirs that “in exchange for the French evacuation of Stuttgart”³¹⁸ the French occupied the areas of Saarbrücken, Trier, Koblenz, Mainz, and Neustadt west of the Rhein River.

Without delay the French revealed to the population what they had to expect for the future. The first proclamation of the French commandant instructed the people that: 1. Twenty-five Germans will be executed if someone tries to kill a French soldier; 2. Curfew for the people is from 22:00 in the evening to 06:30 in the morning; 3. All weapons, ammunition, radios, cameras, and binoculars had to be turned in at police posts; 4. Saloons and inns, as well as public buildings are closed; 5. All members of German military units in the city have to be extradited to the French commandant; 6. It is prohibited to leave the city, and to ride a bicycle; 7. Every resident has to have an identity card or an *Arbeitsbuch*; and 8. Male residents born between 1890 and 1929 and able to work have to report to police posts not later than 22 April 1945, 10:00 with proper tools for the removal of anti-tank barriers.³¹⁹ Edgar Lersch, H.H. Poker and P. Sauer mention a curfew starting two hours earlier at 20:00. They also report that the “city administration had to compile lists of all members of the NSDAP, of all food storage sites, of all foreign forced laborers, of all plants, and of all male residents of the city.”³²⁰

The French Military Government appointed Dr. Arnulf Klett, incarcerated as an adversary of the Nazi regime, as the new mayor. He replaced Dr. Strölin from the NSDAP, who

³¹⁶ Eisenhower, *Crusade in Europe*, 412-13.

³¹⁷ Office of the Chief Historian, European Command, *First Year of the Occupation, Occupation Forces in Europe Series, 1945-1946*. 45.

³¹⁸ Eisenhower, *Crusade in Europe*, 903-4.

³¹⁹ Vietzen, *Chronik der Stadt Stuttgart 1845-1948*, 29.

³²⁰ Edgar Lersch, H.H. Poker, P. Sauer, *Stuttgart in den ersten Nachkriegsjahren*, (Stuttgart: Klett-Cotta, 1995), 24.

surrendered the city to the French, preventing further fighting and destruction mandated by Hitler's Nero Order of 19 March 1945.³²¹ As mayor, Dr. Klett navigated Stuttgart through the difficult times of occupation. Several times reelected he died in office in 1974, a godsend for the city.

The French occupation was, as H. Vietzen remarks in *Chronik der Stadt Stuttgart 1945-1948*, ambiguous. The *Ernährungsamt*, the city department responsible for the procurement and distribution of the food rations for the people, had been able to provide food through April 1945 at a daily ration of 1,739 calories.³²² According to an order of the 1st French Army, the rations had to be cut to the level the French people received during the German occupation. The four week ration for an adult contained 6,000 grams of bread (211.6 ounces), 400 grams of meat (14.1 ounces), 210 grams of fat (7.4 ounces), 160 grams of cheese (5.6 ounces), 80 grams of coffee substitute (2.8 ounces), and if available 8,000 grams of potatoes (282.2 ounces). The daily ration added up to approximately 800 calories. Only children and adolescents received processed food stuffs, as well as sugar.³²³

³²¹ Hitler's Order of 19 March 1945. RE: Destruction Measures within Reich Territory. Our nation's struggle for existence forces us to utilize all means, even within Reich territory, to weaken the fighting power of our enemy and to prevent further advances. Any opportunity to inflict lasting damage on the striking power of the enemy must be taken advantage of. It is a mistake to believe that undestroyed or only temporarily paralyzed traffic, communications, industrial, and supply installations will be useful to us again after the recapture of lost territories. During his retreat, the enemy will leave behind only scorched earth and will abandon all concern for the population. I therefore command-

1. All military traffic, communications, industrial and supply installations as well as objects within Reich territory that might be used by the enemy in the continuation of his fight, either now or later, are to be destroyed.
2. It is the responsibility of the military command posts to execute this order to destroy all military objects, including traffic and communications installations.

The Gauleiters and Commissioners for Reich Defense are responsible for destroying the industrial and supply installations, as well as of other objects of valuable; the troops must give the Gauleiters and Commissioners for Reich Defense the assistance they need to carry out this task.

3. This command is to be transmitted to all troop commanders as promptly as possible; orders to the contrary are null and void.

Adolf Hitler

http://germanhistorydocs.ghi-dc.org/sub_document.cfm?document_id=1590 accessed 201407-08.

³²² Vietzen, *Chronik der Stadt Stuttgart 1945-1948*, 263.

³²³ Stadtarchiv Stuttgart, Bestand 21/1, Signatur 9, Anl. 47, Ernährungsamt Stuttgart, Verwaltungsbericht 1945. 12-13.

As rigorously as the French acted in food rationing, they were kinder in providing the city with sixty carriages and 102 horses from one of their mule companies³²⁴ to mitigate the transportation needs because of lack of trucks as well as fuel. They acted also much less stringent than the Americans in the process of denazification. During the French occupation period the city had to discharge 550 employees³²⁵ because of their active involvement in the NSDAP. Unlike the Americans strictly prohibiting any German owner/renter to reenter their requisitioned houses/apartments, the French were generous in allowing the owner/renter to live in basements, storage rooms or attics of their requisitioned property.³²⁶ The French Military Government even asked the city administration “to let the people of Stuttgart know in an appropriate manner which residents would be willing to provide suitable rooms for French officers...”³²⁷

However, in economic matters the French were less generous. Willi A. Boelcke mentions, in *Die Kosten von Hitlers Krieg*, that unlike the Americans and the British the French and the Soviets started immediately to “requisition large quantities of booty of all kinds as well as nonmilitary private property.”³²⁸ Likewise, E. Lersch describes that the French instantly started to requisition products, machines, cars and trucks to be sent to France. He mentions the requisition of 109,183 pairs of shoes of all kinds at a value of 4,800,000 *Reichsmark* (RM).³²⁹ A report of the *Besatzungskostenamt* (Department for Occupation Costs) from 9 November 1948 lists the occupation costs the city had to pay to the French Military Government at 39,689,822 RM. From this amount the report calculates that 21,215,000 RM were costs “declared by the

³²⁴ Vietzen, *Chronik der Stadt Stuttgart 1945-1948*, 48.

³²⁵ Ibid., 48.

³²⁶ Ibid., 51.

³²⁷ Stadtarchiv Stuttgart, Bestand 14/1, Signatur 364.

³²⁸ Willi A. Boelcke, *Die Kosten von Hitlers Krieg*, 164.

³²⁹ Lersch, Pöker, Sauer, *Stuttgart in den ersten Nachkriegsjahren*, 28.

occupation power as occupation costs, however were improper demands of goods and services. The sum of 21,215,000 RM did not cover the extraction of wine and hard liquor at 9,000,000 RM, as well as requisitioned animals for slaughter and cars respectively trucks.”³³⁰

The requisitions including machines, factory equipment, raw material, as well as shoes, clothing, tobacco products and cleaning agents were shipped to France. A directive of 22 June, just 15 days prior to their departure, the French Army ordered every German family to provide a complete suit, a shirt, underwear, two handkerchiefs, a pair of socks, a tie, and a pair of shoes, all in excellent condition.³³¹ No wonder that the bombed out residents reacted angrily. No one could see a need of the occupation force for civilian male clothing in excellent condition.

A report of the mayor to the French Military Government, 31 May 1945, stated 1,770 trucks of all kind were registered in Stuttgart. Of these trucks, the city had available 546 in running condition, 671 defect, 437 trucks requisitioned by the occupation authority, and 116 were relocated out of the city.³³² Getting smart from all the French requisitions, German car and truck owners often drove their vehicles toward the end of the French occupation time into the U.S. occupation zone to prevent the loss of important means of transportation to the city’s economy. However, what could be done with operational trucks, one could not do with requisitioned maintenance shops. In his 6 June 1945 report, the *Beaufragter für das Verkehrswesen* (Trustee for Transportation) expressed misgivings that “warehouses of repair parts and tools, requisitioned and guarded by the French will be taken by them when leaving Stuttgart, furthermore decreasing the ability to maintain the few cars and trucks the city

³³⁰ Stadtarchiv Stuttgart, Bestand 14/1, Hauptaktei Gruppe 0, Signatur 362, Kritische Stellungnahme zur Entwicklung der Besatzungskosten und Kosten für Zwangsverschleppte im Stadtkreis Stuttgart.

³³¹ Vietzen, *Chronik der Stadt Stuttgart 1945-1948*, 42.

³³² Stadtarchiv Stuttgart, Bestand 21/1, Signatur 106.

operates.”³³³ The French attitude regarding requisitions was demonstrated in a letter from the city’s Engineering Division. When the French left on 8 July, they removed from the residence of General Schwartz, the French Military Governor, the complete furnishing of his office and bedroom, as well as all new carpets, a crucifix and a sculpture.³³⁴

At the administrative level the French Military Government appointed the city government with Dr. Klett as mayor. An administration above the city level did not exist after the start of the occupation. At the urging of city governments, the 1st French Army/Military Government Stuttgart decreed to create higher administrative agencies for the interior, the justice system, for culture, education and art, for finance, for agriculture and alimentation, for labor and social insurance, and for the postal and railroad systems. These regional government authorities, without being a state government, had the responsibility according to the decree for the whole state of Württemberg, including the northern part belonging to the U.S. occupation zone. Published in the *Nachrichten der Militärregierung für den Stadtkreis Stuttgart*,³³⁵ it is questionable if actions of the new French-appointed authorities had any impact on Stuttgart and U.S. occupied Württemberg.

With the U.S. taking over the city on 8 July the French era with its pretension to govern Württemberg ceased. However, as requested in a letter of 13 June 1945, the French Military Government ordered the city to establish an administrative position or agency responsible for the timely and prompt fulfillment of French requests.³³⁶ One can assume that the French request eventually led to the *Besatzungskostenamt* (Department for Occupation Costs) of the city

³³³ Stadtarchiv Stuttgart, Bestand 21/1, Signatur 106.

³³⁴ Stadtarchiv Stuttgart, Bestand 14/1, Signatur 367.

³³⁵ *Nachrichten der Militärregierung für den Stadtkreis Stuttgart*, No. 3. 1.

³³⁶ Stadtarchiv Stuttgart, Bestand 14/1, Signatur 362.

administration, an important link between the occupation forces and the German administration during the period of occupation.

The life of the Stuttgart population eased a little bit in the course of the French occupation. U.S. Army engineers finished on 9 May a temporary railroad bridge across the Neckar River, replacing the German blasted *Rosenstein Brücke*. The temporary bridge connected the city with the operational German railroad network easing transportation needs. The first few lines of streetcars were running again on 11 May, and respectively on 13 May in the districts on the right banks of the Neckar River. The Market Hall opened on 17 May for the trade in fruit and vegetables.³³⁷ The *Nachrichten der Militärregierung für den Stadtkreis Stuttgart*, publicized since 1 June, announced the immediate opening of restaurants and taverns, however with restricted opening times from 11:00 to 14:00 and from 17:00 to 19:30 hours. Conditions for reopening included available stocks of foodstuff and fuel. The opening of four movie theaters on 24 June was likewise announced.³³⁸

The situation of Stuttgart changed for the better from the initial situation of the occupation. However, the permanent requisitions and the detentions of male residents for forced work in France caused much trouble among the residents. The people of the city expected the rumors of an occupation change to be true. Most of them looked positively forward to a change from the French to a U.S. occupation, hoping for general improvements especially in the food situation.

5.4. Stuttgart and the American rule

The official transition from the French occupation to the occupation of the United States of Stuttgart took place on 8 July at noon. In a radio message via Radio Stuttgart, a station of the

³³⁷ Vietzen, *Chronik der Stadt Stuttgart 1945-1948*, 45.

³³⁸ *Nachrichten der Militärregierung für den Stadtkreis Stuttgart*, No. 3. 3.

U.S. Army on the air since 3 June, Colonel William W. Dawson, the head of the Military Government for Württemberg-Baden spoke to the residents of Stuttgart. He explained the administrative organization of the U.S. occupation zone. The zone will be divided into two military districts. The eastern military district covers the state of Bavaria as it existed during the Third Reich. The western military district covers the northern parts of Württemberg and Baden, as well as parts of Hessen and Kur-Hessen. The parts of Württemberg and Baden of the U.S. Zone will form an administrative region, Hessen and Kur-Hessen will form the second administrative region of the western military district of the U.S. occupation zone. The southern boundary of the Württemberg-Baden administrative region will follow the county borders south of the Autobahn Karlsruhe-Ulm. The southern border of the U.S. occupation zone did not consider any regional historical or institutional borderlines. The major reason for cutting Württemberg and Baden with the French was the U.S. Army requirement to have an uninterrupted line of communication along the Autobahn from Frankfurt via Karlsruhe, Stuttgart and Ulm to Munich and even farther to the U.S. occupation zone in Austria.

Besides the major objective of eradicating Nazism, Col. Dawson mentioned the most pressing tasks of Military Government was to provide modest and orderly living conditions, to assure a fair distribution of food, to adjust the food rations to the same level across the U.S. occupation zone. He recommended taking care of the harvests of all kind of crops to prevent famine in winter.³³⁹ Further, the official U.S. policy required that Germany feed itself. An article in *The Stars and Stripes* of 21 May underlined the policy by stating in the headline, “German Food Outlook Black, But U.S. Plans No Charity.”³⁴⁰

³³⁹ *Nachrichtenblatt der Militärregierung für den Stadtkreis Stuttgart*, Nr. 6, 13. Juli 1945, 1.

³⁴⁰ *The Stars and Stripes*, Germany Edition, Vol. 1, No. 47, 21 May 1945.

The same edition of the *Nachrichtenblatt* named on page 2 the members of the U.S. Military Government for the city of Stuttgart: Chief Lieutenant Colonel Charles L. Jackson, deputy is Major Edwin A. Norton, and administrative officer Major Donald W. Cunningham. They reside in the office building of the *Staatstheater*. The Military Government offices were open to the public from Monday to Saturday from 09:00 to 12:00 and from 13:30 to 17:00.

The softer U.S. approach toward the people was first demonstrated by the increase in the calorie amount of the different food ration periods. The 1st French Army ordered the general calorie amount reduced from 1,046 calories for the previous period to 852 calories for the 76th ration period of 28 May to 24 June 1945. Under U.S. occupation the calorie amount for the 77th to 83rd ration period increased from 970 calories to 1,752 calories by the end of the year.³⁴¹

The Americans expressed a more laid-back attitude with a directive of 19 July that the Germans did not have to salute U.S. military personal.³⁴² Under the French rule the German people had to salute general officers, as well as their officially marked cars.³⁴³ The U.S. Military Government also extended the German leisurely time to 22:30 in the evening. The shortened curfew now lasted from 22:30 to 05:00.³⁴⁴

However, the American strictness did eventually become evident in Colonel Dawson's article "The Objectives of the Military Government" in the *Nachrichtenblatt der Militärregierung für den Stadtkreis Stuttgart*, Nr. 9, 1 August 1945. Colonel Dawson defined in the article the seven objectives the Military Government faced:

1. Occupied Germany had to bow to the intentions of the Allies; 2. To assist, supervise, and repatriate displaced persons of the United Nations. The Military Government would support enemy refugees and expelled Germans only as far

³⁴¹ Stadtarchiv Stuttgart, Bestand 21/1, Signatur 9, Anlage 47, Ernährungsamt Stuttgart, Verwaltungsbericht 1945, Die einzelnen Lebensmittel in den Jahren 1945 bis 1950 (Normalverbraucher-Rationen in Stuttgart).

³⁴² *Nachrichtenblatt der Militärregierung für den Stadtkreis Stuttgart*, Nr. 7, 19. Juli 1945, 1.

³⁴³ *Nachrichtenblatt der Militärregierung für den Stadtkreis Stuttgart*, Nr. 5, 5. Juli 1945, 1.

³⁴⁴ *Nachrichtenblatt der Militärregierung für den Stadtkreis Stuttgart*, Nr. 10, 8. August 1945, 1.

as it became necessary; 3. To detain all war criminals; 4. To exterminate Nazism, Fascism, German militarism, and of the Nazi “fat cats;” 5. To restore and maintain law and order; 6. To protect the properties of the United Nations, and to monitor certain rights of ownership; 7. To create and maintain a proper civil administration.³⁴⁵

Five principles, Colonel Dawson explained, would guide the Military Government to achieve these objectives:

1. The economic rehabilitation of Germany had to be consistent with its essential needs,
2. The German people cannot expect assistance from the outside with the exception of assistance to prevent epidemics and unrest,
3. Under no circumstances should active Nazis and fanatics be kept in their jobs,
4. The administrative bureaucracy of disbanded Nazi organizations like health and medical services can be used, however without Nazi staff and Nazi methods,
5. Germany will always be treated as a defeated country, not as a liberated one.³⁴⁶

The seven objectives to be achieved under the guidance of the five principles may have given the people of Württemberg-Baden an idea what to expect in the future from the eagerly anticipated U.S. Military Government. However, as the residents of Stuttgart quickly had to discover, the Americans came not as liberators to Germany, they came as conquerors, as General Eisenhower’s Proclamation No. 1 stated.³⁴⁷ And the Directive JCS 1067–reanimating parts of the notorious Morgenthau Plan–setting the tone of U.S. occupation policy for at least two years “was a harsh document that reflected the unforgiving state of American [policy makers].”³⁴⁸ This policy document “aimed to punish Germany... [and] emphasized not reconstruction or

³⁴⁵ *Nachrichtenblatt der Militärregierung für den Stadtkreis Stuttgart*, Nr. 9, 1. August 1945, 1-2.

³⁴⁶ *Ibid.*, 2.

³⁴⁷ Hauptstaatsarchiv Stuttgart, EA 1/014 Bü 189. Military Government–Germany Supreme Commander’s Area of Control, Proclamation No. 1, Article I.

³⁴⁸ Frank Ninkovich, *Germany and the United States. The Transformation of the German Question since 1945*. 26.

democracy, but harsh treatment of the Germans.”³⁴⁹ It may be of interest to throw a glance at Stuttgart’s situation in 1945. The daily fight for food demanded the full attention of the residents. The people were less informed of, and less concerned with the financial situation of the city. The occupation costs the city had to pay in advance (to be reimbursed by the state) did not directly affect the residents. How severe was the situation the city faced?

5.5. Keeping the conquered alive?³⁵⁰

According to the Potsdam Protocol, Germany ought to be governed as an economic and financial unit. However, as Byron Price noticed in his report to President Truman, 9 November 1945, “the obstructions raised by the French Government which have deadlocked the four-power Control Council... are to be permitted to defeat the underlying purposes of [a common] Allied policy [toward defeated Germany].”³⁵¹ So, already during the year 1945 the four occupation zones developed into segregated political and economic entities.

The most pressing needs the average German faced after the war was to secure food, shelter and clothing to survive in his respective occupation zone bombed to rubble. The necessity to procure sufficient food for sheer survival became the most important task while living under Allied occupation rule. The German states of the U.S. Zone were never able historically to produce enough food to feed its peoples. The states were always dependent on food imports from other parts of Germany, especially from the lost territories east of the Oder and Neisse Rivers, as well as from foreign sources.

³⁴⁹ James L. Payne, “Did the United States create Democracy in Germany?” *The Independent Review* 11.2 (Fall 2006): 211-212.

³⁵⁰ Hauptstaatsarchiv Stuttgart, EA 1/014 Bü 189. Military Government–Germany, Supreme Commander’s Area of Control, Proclamation No. 1, Article I: *The Allied Forces serving under my command have now entered Germany. We come as conquerors...*

³⁵¹ Truman Library, B File, U.S. Policy in occupied Germany, #3, Box 1.

Additional to the indigenous population of the U.S. Zone General Eisenhower reports in a letter to the President, 8 October 1945, that “the U.S. Zone of Germany will be required to house [and feed] more than twice their normal population. One million and a half German air raid refugees who were evacuated into Southwestern Germany, together with some 600,000 Germans, Volksdeutsche and Sudetens who fled from Poland, New Poland, Czechoslovakia and Yugoslavia before the advancing Red Armies... at this moment the U.S. Zone is under orders to absorb 152,000 more Germans from Austria.”³⁵²

Under such circumstances and the preconditions of the Joint Chief of Staff Directive 1067 *not* to support the Germans³⁵³ it soon became clear that, as Byron Price acknowledged the “food supply [for the German people was] rated by medical standards well below the level of subsistence.”³⁵⁴ Colonel Stanley Andrews, a uniformed agricultural specialist from Arkansas transferred in July 1945 from the Italian theater of war to the U.S. Military Government in Frankfurt, Germany. He put the JCS 1067 policy in a nutshell by stating “in the postwar period Germany and former enemies of the United States and European Allies would stand at the end of the line so far as food supplies were concerned. At a time of world-wide food shortage that meant that ‘if anyone starved, the former enemies would starve first.’”³⁵⁵

On his flight from Salzburg, Austria to Frankfurt on 28 July he admired “in Southern Germany the peaceful fields glowing with ripening wheat, green meadows, the patches of pine trees always perched high on the hills and the doll-like picture book villages below.”³⁵⁶

However, he soon had to learn the limitations of his job in “finding out the status of the wheat,

³⁵² Ibid.

³⁵³ JCS 1067, Part II, Par. 16: ...you will take no steps (a) looking toward the economic rehabilitation of Germany, or (b) designed to maintain or strengthen the German economy.

³⁵⁴ Truman Library, B File, U.S. Policy in occupied Germany, #3, Box 1.

³⁵⁵ Stanley Andrews, *The Journal of a Retread*, 407.

³⁵⁶ Ibid., 400.

barley, sugar, potato, oil seed and rye crops”³⁵⁷ in the U.S. Zone most of it still waiting to be harvested.

Disenchanted by the totality of defeat and destruction, the German economy in the U.S. Zone “had come to a virtual standstill. Nothing moved or was undertaken by the Germans themselves except by permission of the military,”³⁵⁸ Colonel Andrews observed. Briefing General Smith, the chief of staff of General Eisenhower, he proposed activities of the military “on loosening up transportation, labor, materials, opening factories, setting machinery, binder twine, horseshoes and releasing prisoners so that the harvest could be gotten in promptly.”³⁵⁹ General Smith took cognizance of Colonel Andrews’ suggestions and replied to him “don’t get too worked up and concerned about these Germans; the policy is to make it hard on these SOB’s [sons of bitches] to get going again.”³⁶⁰

Thank God for the Germans most members of the Military Government on site did not share General Smith’s opinion. For instance, Colonel Dawson, the governor of Württemberg-Baden indicated difficulties to feed the people in the future in his radio message of 8 July 1945. He conceded “in view of the scarcity of food and in view of the transportation situation a famine in late 1945 can only be avoided if all consumers and all public authorities are following the directions issued by the Food Department of the state of Württemberg-Baden. At present it is especially important to pay particular attention to the collection of the crops and to the preservation of all stocks of provisions.”³⁶¹ The already meager food rations could not have been scaled down without very serious consequences for the health of the people.

³⁵⁷ Ibid., 404.

³⁵⁸ Ibid., 406.

³⁵⁹ Ibid., 406.

³⁶⁰ Ibid., 407.

³⁶¹ *Nachrichtenblatt der Militärregierung für den Stadtkreis Stuttgart*, Nr. 6, 13. Juli 1945. 1.

According to official numbers of the Food Department of the city of Stuttgart, the average amount of the daily caloric food ration provided for the average adult consumer during the months of January to April 1945 was 1,548 calories. During the French occupation from 22 April to 7 July 1945 the daily caloric food value decreased to 852 calories per day at the 76th ration period from 28 May to 24 June. The amount of calories per day increased slightly to 970 calories during the 77th ration period from 25 June to 22 July 1945. Official U.S. sources present for the 77th ration period an average daily ration of 1,240 calories per day for the residents of Württemberg, whereas the people of Baden had to be content with 750 calories per day. However, the 750 calories are misleading, they are based only of the numbers from the city of Mannheim like a footnote explains.³⁶² With the American takeover of Stuttgart on 8 July the daily caloric food value for the average adult consumer rose from 1,145 calories per day during the 78th ration period to 1,752 calories per day during the 83rd ration period lasting from 10 December 1945 to 6 January 1946.³⁶³ The average amount of the daily caloric food value decreased from 1,548 calories per day prior to defeat to an average of 1,228 calories per day for the rest of the year 1945. These daily rations of the calculated calories could only be guaranteed if the Food Departments throughout the U.S. Zone had the necessary supplies available. Often lacking supplies caused reduced rations, decreasing the caloric intake of the average consumer further to the starvation level.

Colonel Andrews remarks highly sarcastically that during a dinner for the former President Hoover on his famine mission, hosted on 14 April 1946, by General McNarney, the successor to General Eisenhower, “that the food was excellent... One member of the party remarked that he had never eaten better food in his life than what he had been served at this

³⁶² Monthly Report of the Military Governor, U.S. Zone, Food and Agriculture No. 1, 20 August 1945. 10.

³⁶³ Stadtarchiv Stuttgart, Bestand 21/1, Signatur 9, Anlage 48, Signatur Ernährungsamt.

‘famine tour.’”³⁶⁴ Taking note that in April 1946 the daily caloric level for the Germans was still 1,280 calories per day (the Stuttgart Food Department calculated a daily value of 1,277 calories per day for April, 1,270 for May and 1,207 for June 1946³⁶⁵), he reports that “absenteeism from the important rail shops and the few industries allowed to operate was running as high as 60 percent as workers took off to scrounge for food.”³⁶⁶ It was a characteristic attitude to be expected from a starving people. An attitude, this author and his brothers, all in the age range from 6 to 10 years, shared with most Germans. The four-week food ration for this age group contained 10,500g/370.4 ounces of bread, 1,200g/42.4 ounces of meat, 600g/21.2 ounces of butter, 135g/4.8 ounces of cheese, 600g/21.2 ounces of nutriment, 200g/7.1 ounces of coffee substitute, 16,000g/564.4 ounces of potatoes and 62g/2.2 ounces of curd cheese. Providing that all the groceries listed on the ration card were in stock, a 6 to 10 year old child would get 250g/8.8 ounces of bread, 400g/14.1 ounces of meat and 200g/7.1 ounces of butter more during the 82nd ration period (12 November to 9 December 1945) than an adult consumer of the age of 18 years and over.³⁶⁷

With this amount of food in mind we kids tried to “organize” additional foodstuff. After the wheat and rye harvests, we, in competition with many other people, searched the fields systematically for lost ears to collect and grind to flour. The mayor of Stuttgart announced in the newspaper of the Military Government that people could apply for grinding permits at the Food Department.³⁶⁸ For several weeks after the potato harvest we walked across the fields looking for missed potatoes. Potatoes were harvested with horse-drawn potato spinners. A plow blade loosened the potatoes and rotating forks threw the potatoes to the side where people collected

³⁶⁴ Stanley Andrews, *The Journal of a Retread*, 637.

³⁶⁵ Stadtarchiv Stuttgart, Bestand 21/1, Signatur 9, Anlage 48, Ernährungsamt.

³⁶⁶ Stanley Andrews, *The Journal of a Retread*, 639.

³⁶⁷ Stadtarchiv Stuttgart, Bestand 21/1, Signatur 9, Anlage 48, Signatur Ernährungsamt.

³⁶⁸ Nachrichtenblatt der Militärregierung für den Stadtkreis Stuttgart, Nr. 10 vom 8 August 1945, 2.

them into sacks. Many potatoes were missed because they were covered by soil. The potato hunt was especially successful after a heavy rain washed the potatoes out of the soil.

We kids jumped slowly moving freight trains throwing potatoes, sugar beets or coal to the ground to be collected by other members of the team. Despite police protecting trains and train stations, “organizing” food was a popular and essential employment among the hungry. Today, nobody can imagine the time it took to collect a bucket of beechnuts in the woods. This bucket of beechnuts mutated into seventeen to twenty fluid ounces of cooking oil, a rare scarcity in the postwar years, a treasure one could trade for other needs. The author remembers very well helping the women cooking molasses from “organized” sugar beets during the day. At night under the cover of darkness the adults brewed moonshine from the beets.

This kind of illegal food procurement found a specific name in 1946—“fringsen,” after the name of the cardinal Josef Frings of Cologne. During a sermon on 31 December 1946 he virtually legalized the theft of food by telling his parish that “we are living in times of misery. An individual should be allowed to take what is essential to keep him alive and healthy if he is not able to obtain it through his own work or through appeal to others.”³⁶⁹ However, in a second sentence at the sermon the cardinal thought that in many cases the “organizing” of goods went far above of the needs of the individual. There is only one way he stated to come clear with God to return the unethically acquired goods.

To spin the food story to an end, despite all efforts and notwithstanding the import of hundreds of thousands tons of foodstuff, of fertilizer and seeds, the food situation never reached a daily caloric value of 2,000 calories. In 1946, the monthly ration periods fluctuated between a daily minimum of 1,207 calories and the maximum of 1,653 calories per day, with an average of

³⁶⁹ <http://www.spiegel.de/einestages/nachkriegszeit-a-949282.html>, accessed 2015-04-16.

1,406 calories per day throughout the year. It was a rate of improvement of 178 calories per day compared with the 1945 caloric amount received at the start of the occupation.

Instead of a further improvement of the alimentation for the Germans, the year 1947 entailed a setback to an average of 1,318 calories per day. The maximum amount of 1,542 calories per day in January followed the minimum of 914 calories per day at the 101st ration period of April/May.³⁷⁰ The official U.S. data for the 97th to 104th ration period, covering the time from 3 March to 17 August 1947 specifies the “total caloric value of ration scales for German civilians [normal customer] in [the] U.S. Zone [between] 1,550 and 1,560 [calories per day].”³⁷¹ According to a footnote the scarcity of food stocks “permitted [only] reduced amounts of food to be actually issued to the normal customer: 1,330 calories during the 99th ration period, 1,180 during the 100th, 1,080 during the 101st, 1,165 during the 102nd, 1,260 during the 103rd and 1,390 during the 104th ration period.” These numbers correspond closely with the calories per day the Stuttgart Food Department presents. The city numbers range from 1,321 calories in March, 1,296 in April, 1,208 in July and 1,406 in August. The numbers of May and June elope the pattern. Stuttgart could provide for May a minimum of 914 calories per day and for June of 1,021 calories per day.³⁷² One could notice a remarkable improvement in 1948. The daily caloric value of the rations increased to 1,680 calories per day over the year with a minimum of 1,397 calories per day in February/March (112th ration period) and a maximum of 1,979 calories per day in June/July (116th ration period).

Especially striking is the difference in the daily caloric value in the months prior to the currency reform of 20 June 1948 and afterwards. During the six ration periods before the

³⁷⁰ Stadtarchiv Stuttgart, Bestand 21/1, Signatur 9, Anlage 48, Signatur Ernährungsamt.

³⁷¹ Office of Military Government for Germany (U.S.), Report of the Military Governor No. 26, Food and Agriculture. 8.

³⁷² Stadtarchiv Stuttgart, Bestand 21/1, Signatur 9, Anlage 48, Signatur Ernährungsamt.

currency reform the daily caloric value was 1,490 calories per day for the standard customer. This amount increased to an average of 1,870 calories per day during the six ration periods after the currency reform, with a minimum of 1,819 calories per day and a maximum of 1,979 calories per day. There are many explanations possible for this jump in the nutrition value. Trust in the new currency replacing the valueless *Reichsmark* freed in all likelihood stockpiled goods, increasing the supply.

The *Verwaltungsbericht* (Administrative Report) 1949 of the Stuttgart Food Department reported that since the currency reform “the increasing production, the growing food rations – especially the increased fat rations – and the end of rationing of several foods nearly eliminated the Black Market... Rationed commodities like cigarettes, chocolate, coffee, cacao in high demand a year earlier and offered by black marketeers are now available in discretionary amounts [eliminating the necessity of a Black Market].”³⁷³ The end of rationing for potatoes at the 122nd ration period in January 1949 characterized the improving food situation in the three western occupation zones.³⁷⁴ During the first five postwar years the Food Department of Stuttgart served (not including DP’s and special cases) in 1946 an average of 384,780 qualified customers, in 1947 430,582, in 1948 458,742 and 471,519 in 1949³⁷⁵, a truly impressive balance sheet.

5.6. Denazification in Stuttgart

A major task of the Allied Powers first stated in the Atlantic Charter under objective six called for the final destruction of the Nazi tyranny.³⁷⁶ General Eisenhower’s Proclamation No. 1 reiterated the task to “overthrow the Nazi rule, dissolve the Nazi Party and abolish the cruel,

³⁷³ Stadtarchiv Stuttgart, Bestand 21/1, Signatur 9, Ernährungsamt, *Verwaltungsbericht 1949*. 40.

³⁷⁴ All caloric numbers are from Stadtarchiv Stuttgart, Bestand 21/1, Signatur 9, Ernährungsamt.

³⁷⁵ Stadtarchiv Stuttgart, Bestand 21/1, Signatur 9, Ernährungsamt, *Verwaltungsbericht 1949*. 55.

³⁷⁶ <http://avalon.law.yale.edu/wwii/atlantic.asp> accessed 2013-02-19.

oppressive and discriminatory laws and institutions which the Party has created. [Added to the objectives of the Atlantic Charter] we shall eradicate that German militarism which has so often disrupted the peace of the world.”³⁷⁷ The *Handbook for Military Government in Germany Prior to Defeat or Surrender* obligated *inter alia* the Military Government officer to be responsible “(a) ...for enforcing the law relating to dissolution of the Nazi Party, (c) for ensuring that official positions in the German Administrative agencies and units... are filled by persons who have been carefully investigated and are non-Nazis.”³⁷⁸

Colonel Dawson, the U.S. Military Governor of Württemberg-Baden stated in an article published in the *Nachrichtenblatt der Militärregierung für den Stadtkreis Stuttgart* as the fourth objective of the Military Government “the extermination of Nazism, Fascism, German militarism, and of the Nazi ‘fat cats.’”³⁷⁹ Lieutenant Colonel Jackson, the U.S. city commandant explained via Radio Stuttgart his intentions. “We are determined to eliminate the impact and the control exercised by the Nazis and their policies. [As a consequence] every person in public office having supported Nazi policies had to be removed from their positions forever... We will remove from the city administration all officers who could stain the city administration as being Nazi.”³⁸⁰

However, the denazification process started way before the U.S. took over Stuttgart from the French on 8 July 1945. The French Military Government demanded on 3 May that all officeholders of the Party, all members of the *Schutzstaffel SS*, including the *Waffen-SS*, all members of the *Sturmabteilung SA*, as well as all members of the *Geheime Staatspolizei Gestapo* and *Sicherheitsdienst SD* had to be reported to the Chief of Police. From the *NS-Fliegerkorps*

³⁷⁷ Hauptstaatsarchiv Stuttgart, EA 1/014, Bü 189.

³⁷⁸ Handbook for Military Government in Germany Prior to Defeat or Surrender, Part 1. No. 297.

³⁷⁹ *Nachrichtenblatt der Militärregierung für den Stadtkreis Stuttgart*, Nr. 9, 1. August 1945, 1.

³⁸⁰ Ibid., Nr. 11, 15. August 1945, 1.

NSFK and the *NS-Kraftfahrerkorps NSKK* officeholders from squad leader up, just as all officeholders of the *NS Frauenschaft*, all higher ranking *Hitler Jugend HJ* leaders and the factory representatives of the *Deutsche Arbeitsfront* were on the list to be reported.³⁸¹ Additionally, every officer of the city administration had to answer the questionnaire of the French authorities about earlier political activities. The *Nachrichtenblatt der Militärregierung für den Stadtkreis Stuttgart* published the results of the French actions on 29 June 1945. The paper reported that the city had dismissed more than 550 officers, clerks and employees, among them seven of the ten full-time council members.³⁸²

The city took the initiative for denazification, too. On 8 May 1945 the mayor issued a decree suspending for the time being all public servants holding ranks as leaders of the SA or SS, as well as party members holding the rank of local group leader and up. A second decree broadened the suspension to all party members who joined prior to 1 April 1933.³⁸³

With the United States taking over Stuttgart from the French, the denazification process became more aggressive and general. Denazification was an important prerequisite and a keystone of the U.S. occupation policy. Hypothesizing a ‘collective guilt’ of all Germans – one needs only to recall the ‘Crusade in Europe’ mindset – they “planned to screen the whole population and hold them accountable.”³⁸⁴ The denazification with the U.S. standard, the strictest of the four Allied Powers, was not successful. The British and the French, even the Russians, demonstrated a much more practice-oriented and rational approach than the Americans.

³⁸¹ Hermann Vietzen, 89.

³⁸² *Nachrichtenblatt der Militärregierung für den Stadtkreis Stuttgart*, Nr. 4, 27 Juni 1945, 1.

³⁸³ Kuno Drollinger, “Der Wiederaufbau der städtischen Verwaltung,” in *Stuttgart in den ersten Nachkriegsjahren*, herausgegeben von Edgar Lersch, Heinz H. Poker, Paul Sauer, 111.

³⁸⁴ Bernhard Neidiger, “Entnazifizierung und Bevölkerungsstimmung aus der Sicht der Stuttgarter,” in *Stuttgart in den ersten Nachkriegsjahren*, herausgegeben von Edgar Lersch, Heinz H. Poker, Paul Sauer. 131.

Lieutenant Colonel Jackson, the head of the Military Government for the city, informed the residents on 27 September 1945, about the success so far of the denazification. He claimed the denazification of the city administration as almost complete with 2,532 officers discharged.³⁸⁵ Another source mentions 2,438 discharged members of the city administration—1,037 public officers, 1,091 white-collar workers and 310 blue-collar workers. The proportions of the three groups of dismissed personnel demonstrated the increasingly elevated Party membership among higher qualified professionals. The *Technische Werke* Stuttgart, a critical public utility company of the city, attested that Party membership was high among public officers and white-collar workers, while blue-collar worker Party membership was low among the 353 people dismissed.³⁸⁶ However, Lieutenant Colonel Jackson pointed out the denazification would continue until the United States was convinced that all Nazis and Nazi-principles were eliminated from German life.

The Military Government Law No. 8, 26 September 1945, extended the denazification process to all branches of commerce and industry, as Lieutenant Colonel Jackson had announced in his article in the *Nachrichtenblatt*. The key provision of the law demanded that Party members or members of the party-affiliated organizations be employed only as common manual workers. Any supervising or managerial activities were strictly prohibited for these people.³⁸⁷ All people concerned had to complete a questionnaire of the Military Government. The Military Government Law No. 8 had to be enforced by the particular employer. Violations of the provisions of the law by both, employer and employee, would be punished. The law provided the possibility to the discharged people to appeal to a review board.

³⁸⁵ *Nachrichtenblatt der Militärregierung für den Stadtkreis Stuttgart*, Nr. 17, 27. September 1945, 1.

³⁸⁶ Kuno Drollinger, "Der Wiederaufbau der städtischen Verwaltung," in *Stuttgart in den ersten Nachkriegsjahren*, herausgegeben von Edgar Lersch, Heinz H. Poker, Paul Sauer. 114.

³⁸⁷ Bernhard Neidinger, "Entnazifizierung und Bevölkerungsstimmung aus der Sicht der Stuttgarter," in *Stuttgart in den ersten Nachkriegsjahren*, herausgegeben von Edgar Lersch, Heinz H. Poker, Paul Sauer. 141.

The drastic enforcement of the law did not cause much damage to the industry in the U.S. Zone as had been suspected as there was not much industrial activity at all. However, the law affected considerably the health and related services, food production, et cetera. The Military Government soon amended the law allowing former Party members to stay temporarily in their profession as long as the appeals procedure took. The amendment applied to all businesses processing, distributing and selling food, as well as thirty-five other occupations ranging from pharmacies and physicians to dental care,³⁸⁸ to prevent the collapse of the more than fragile supply system of the city.

Law No. 8 resulted in examining more than one million questionnaires by the Military Government. The Military Government reported “a cumulative total of 260,000 active Nazis... had been removed... Nearly 150,000 of this number were removed or excluded from public service alone, more than 71,000 from private industry, and some 39,000 from other fields.”³⁸⁹ To these numbers one had to add “...approximately 80,000 persons in the mandatory arrest categories... detained [in the U.S. Zone]... estimat[ing] that approximately 35,000 more who are temporarily held as prisoners of war will be added to this total,”³⁹⁰ already in custody.

Ex-President Herbert Hoover on *The President's Economic Mission to Germany and Austria* lamented in his report that “the 90,000 Nazis held in concentration camps and the 1,900,000 others under sanctions by which they can only engage in manual labor comprise a considerable part of the former technical and administrative skill of the country,”³⁹¹ now excluded from the work to revive and rebuild Germany according to their skills, adding to the blood-letting of talent and knowledge through the war.

³⁸⁸ *Nachrichtenblatt der Militärregierung für den Stadtkreis Stuttgart*, Nr. 26, 29. November 1945. 6.

³⁸⁹ Monthly Report of the Military Governor U.S. Zone, No. 7, 20 February 1946. 5.

³⁹⁰ Monthly Report of the Military Governor U.S. Zone, No. 1, 20 August 1945. 3.

³⁹¹ Herbert Hoover, Report No.1, *German Agriculture and Food Requirements*. Feb. 28, 1947. 2.

The U.S. Transportation Section noted that the denazification process resulted in the discharge of 1,043 officials (non-manual workers) of the *Reichsbahndirektion* (Railroad District) Stuttgart from a total of 12,898 officials as of 30 November 1945. The dismissals did not cause severe service disruptions.³⁹² However, the Military Government realized in its Monthly Report, March 1946, that “a critical deficiency of supervisory personnel and men with technical training, such as electro-technicians, yardmasters and workshop foremen, is being felt. Meanwhile, efforts to train replacements [for discharged Nazis] have been delayed by shortages of teachers, books, and classroom space.”³⁹³ The U.S. Trade and Commerce Section complained in November, that the Regional Statistical Agency in Stuttgart could not “operate at present because of the removal of a number of key officials under the denazification program... Trained scientific statisticians are needed to get the Agency working again.”³⁹⁴ Also the U.S. Food and Agriculture Section bemoaned, in its report No. 5, 20 December 1945, that the “continued application of the denazification program has virtually removed all persons with talent... from the staff of agricultural organizations in the U.S. Zone,”³⁹⁵ hampering efforts to improve the agricultural situation. A month earlier, the Section noted that “the food rationing program was temporarily hindered in Wuerttemberg where the dismissal of Nazis employed by the statistical office left the organization with few personnel having knowledge of nutritional aspects of food rationing and the efficient determination of ration scales.”³⁹⁶ The examples demonstrated the negative effects of the U.S. Denazification Program. Ex-President Herbert Hoover also underscored this pervasive problem in his report to President Truman in February 1947.

³⁹² Monthly Report of the Military Governor U.S. Zone, Transportation, No. 5, 20 December 1945. 5-6.

³⁹³ Monthly Report of the Military Governor U.S. Zone, No. 9, 20 April 1946. 15.

³⁹⁴ Monthly Report of the Military Governor U.S. Zone, Trade and Commerce, No. 4, 20 November 1945. 7.

³⁹⁵ Monthly Report of the Military Governor U.S. Zone, Food and Agriculture, No. 5, 20 December 1945. 10.

³⁹⁶ Monthly Report of the Military Governor U.S. Zone, Food and Agriculture, No. 4, 20 November 1945. 8.

The Military Government examined, by April 1946, 1,531,000 questionnaires from former Party members and Party affiliated organizations. Of these, “92 percent had been processed and action had been completed.”³⁹⁷ In the U.S. Zone, with a population of roughly 17.5 million, more than ten per cent of the adult population had been removed from office, not counting the inmates of the internment camps.

The next step of the U.S. denazification program was a German law. The *Gesetz zur Befreiung von Nationalsozialismus und Militarismus* (Law for Liberation from National Socialism and Militarism) of 5 March 1946, required all German citizens 18 years and up, to answer a comprehensive *Meldebogen* (Registration Form) and to be examined and judged by special courts, so-called *Spruchkammern* (Trial Tribunals). The law (Article 4) classified all adult Germans into five categories: I. *Hauptschuldige* (major offenders); II. *Belastete* (offenders); III. *Minderbelastete* (lesser offenders); IV. *Mitläufer* (followers); and V. *Entlastete* (exonerated). The Military Government estimated that the 397 Trial Tribunals would receive 13.2 million registration forms, 3 million from Hessen, 3 million from Württemberg-Baden, and 7.2 million from Bavaria.³⁹⁸ In August 1946, with the Youth Amnesty, the Military Governor annested all young people born after 1 January 1919 not belonging to the categories of major offenders and offenders from the provisions of the Law of Liberation. Additionally, in December 1946, he annested “persons in the low income groups and those more than 50 percent physically disabled,”³⁹⁹ except major offenders and offenders, reducing the load of the trial tribunals. Low income meant, according to an article in the *Information Bulletin of the High Commissioner for Germany*, an annual earning of less than RM 3,600 in 1943-45 and owning

³⁹⁷ Monthly Report of the Military Governor U.S. Zone, No. 10, 20 May 1946. 3.

³⁹⁸ Monthly Report of the Military Governor U.S. Zone, No. 14, 20 September 1946. 5.

³⁹⁹ Monthly Report of the Military Governor U.S. Zone, No. 18, 1-31 December 1946. 5.

property of less than RM 20,000 on January 1, 1945.⁴⁰⁰ It was calculated, that 800,000 members of the low-income group and 40,000 disabled profited from the December amnesty, also known as the Christmas amnesty.⁴⁰¹ The fourteen Trial Tribunals of the city of Stuttgart processed circa 360,000 Registration Forms. As of March 1947, the prosecutors handed down 82,750 exonerated judgments and quashed 5,004 cases. 5,625 residents received fines.⁴⁰²

In June-July 1947, the Military Government Denazification and Public Safety Report stated

As of 31 July, 92 percent, or approximately 11,000,000 of the total number of 12,000,000 persons who have had to register under the Denazification Law in the U.S. Zone have had their status legally determined, and necessary action has been taken to implement the decision. Most of these persons (approximately 8,735,000) were found to be not chargeable, or amnestied (1,999,000) and the remainder have undergone court action. Approximately one-half of the persons indicated as not being heavily incriminated and one-fourth of those indicated as heavily incriminated have already been tried. The work that lies ahead of the Trial Tribunals consists of approximately 738,000 cases of more heavily incriminated and 244,000 cases of less heavily incriminated Nazis, making a total of approximately 982,000 Nazis still to be tried.⁴⁰³

The final and impressive numbers of the denazification efforts in the U.S. Zone strike an interesting balance. From the total 13,416,101 Germans registered, 9,746,862 were not chargeable per definition. Of the 3,669,239 chargeable cases, the Public Prosecutor amnestied and/or quashed 2,709,606 cases. At Trial Tribunals 1,698 persons were convicted as major offenders, 22,598 as offenders, and 487,996 as followers. 18,571 people were exonerated and 320,713 amnestied. 30,781 people were sentenced to special labor, 27,587 lost their properties by confiscation, 23,616 were permanently banned from holding public office, 125,510 were

⁴⁰⁰ Information Bulletin of the High Commissioner for Germany, March 1951. 27.

⁴⁰¹ Hermann Vietzen, 104.

⁴⁰² Ibid., 103-4.

⁴⁰³ Monthly Report of the Military Governor U.S. Zone, Denazification and Public Safety, No. 25, 1 June-31 July 1947. 1.

restricted in employment, and 572,993 people were fined.⁴⁰⁴ The dismissal of scientific technical, administrative and entrepreneurial talent and skills brought about the denazification program could not really hurt an economic situation in Germany as it was already functioning at the minimum. No numbers exist to quantify the consequences of the bloodletting caused by the denazification. However, if the denazification did not hamper the incentives to revive the German economy, it certainly did not boost the economic revival.

5.7. Summary

Having suffered from Allied bombings, the surviving residents of Stuttgart welcomed the end of the fighting. The occupation by French forces on 22 April 1945 was less welcome. Soon the residents were waiting for the Americans to replace the French, hoping for improvements. With the arrival of the U.S. forces the food situation improved, but stayed below the 2,000 calories subsistence level. The Military Government made it clear that denazification, demilitarization, and democratization were key objectives of their policy.

The Military Government further announced their intent to improve living conditions and the equal distribution of food rations throughout the U.S. Zone. Germany had to feed itself, so the official U.S. policy. However, the food situation got so bad during the winter of 1945 to 1946 that the U.S. had to provide food for the population to prevent mass starvation. Hundred of thousand tons of foodstuffs had to be imported from the U.S. to keep the Germans alive at a subsistence level.

The denazification forced many highly qualified personnel to take on manual jobs for survival. The dismissal of scientific, technical, administrative and entrepreneurial talent could not further hamper the German economy—an economy already operating on a minimum scale by Allied restrictions.

⁴⁰⁴ Information Bulletin of the High Commissioner for Germany, March 1951. 27.

Chapter 6: How Stuttgart dealt with the consequences of war

6.1. Stuttgart's financial situation in 1945

Stuttgart with its diversified and versatile industries was one of the most potent cities in Germany regarding its tax base. Before the war Stuttgart had the second highest tax potential among all German cities with estimated tax revenues of 80,599,456 *Reichsmark*. During the war the city paid war contributions to the *Reich* government starting in 1939 in the amounts of 10,779,098 RM and of 33,235,026 RM in the fiscal year (1 April to 31 March) 1944. Overall, the *Reich* government received from Stuttgart a sum of 134,550,877 RM of war contributions during the war years. The city paid additional war related costs of approximately 65,000,000 RM for the family support of drafted soldiers, for the set up of war hospitals, for the establishment and running of children's homes, for air raid protection procedures and other expenses caused by the war-centered economy and for war-related public welfare.

These war costs the city bore during the years 1939 to 1944 totaled roughly 200,000,000 RM. This sum represented nearly forty three per cent of all tax revenues during the war; the city's war contribution consumed two thirds of all tax revenues in the fiscal year 1944.⁴⁰⁵ That was the financial situation the city administration faced at war's end. A city with its housing in ruins, with its industrial base partially destroyed, with collapsed traffic facilities, with failing public utilities, facing returning evacuees, released displaced persons and refugees competing for shelter and food. The occupation forces also competed for housing, however, with their absolute power they requisitioned what prime housing they wanted.

The chief of the city's Treasury Department described the situation in his report *Die Finanzlage der Stadt Stuttgart* (The Financial Situation of the City of Stuttgart) in a special edition of the *Nachrichtenblatt der Militärregierung für den Stadtkreis Stuttgart* published on 31

⁴⁰⁵ *Nachrichtenblatt der Militärregierung für den Stadtkreis Stuttgart*, Sonder-Ausgabe 31. Dezember 1945. 1.

December 1945 without palliation. The sad state of affairs inherited from the Nazis he demonstrated by the sheer enormity of numbers he presented in his account summarized below.

Of the 63,000 structures within the city, 14,370, or circa 23 per cent, were completely destroyed, 9,620 edifices or 15.3 per cent were so heavily damaged they could not be used for housing, 18,710 or 29.7 per cent received medium damages and 18,300 buildings were lightly damaged. Approximately 2,000 structures, roughly 3 per cent, were not harmed. The destruction and damage of the building portfolio would result in a likely reduction of the *Grundsteuer* (property tax) from 13,000,000 RM to 5,000,000 RM, a decline of 60 per cent, the chief of the Treasury Department explained. He also proposed that the revenues the industry and skilled crafts and trades paid in the form of the *Gewerbesteuer*, (local business tax) declined from 52,400,000 RM in the fiscal year 1944 to a bare tenth of 5,200,000 RM. A rough estimate calculated the expenses for the reconstitution of structures to 6.2 billion RM, damages to industrial property to 820,000,000 RM, losses of private properties and supplies, as well as mobile equipment to 5.35 billion RM and 40,000,000 RM for damage to public utilities, resulting in the total sum of 12.41 billion RM.⁴⁰⁶

The chief of the Treasury Department expected for the fiscal year 1945 a sharp decline of city revenues altogether to 81,000,000 RM, mainly caused by the loss of contributions of the local business tax, estimated at 47,000,000 RM. Stuttgart's tax collection during the first half of the fiscal year 1945, 1 April to 30 September, amounted to 19,078,000 RM. The bills the city paid during this time accumulated to a total of 22,150,000 RM.⁴⁰⁷ In addition, the chief expected a steep increase for the city in welfare expenditures, especially since the *Reich* payments for the

⁴⁰⁶ All data in this paragraph are from the report of the chief of the Treasury Department of Stuttgart, published in *Das Nachrichtenblatt der Militärregierung für den Stadtkreis Stuttgart*, Sonder-Ausgabe 31. Dezember 1945. 1-2.

⁴⁰⁷ Monthly Report of the Military Governor U.S. Zone, Finance and Property Control No. 5, 20 December 1945. 3.

family support for drafted soldiers and the financial support for evacuated families ceased to exist.

The occupation costs, first for the French occupation from 22 April to 7 July 1945 and from 8 July for the U.S. occupation, further burdened the city budget. As of 31 December 1945 occupation costs had accumulated to more than 17,000,000 RM.⁴⁰⁸ A letter of 11 July 1945 expressed the intention of the *Württembergische Landesverwaltung für Finanzen* (Financial Administration of Württemberg) that in representation of a non-existing central German government the state of Württemberg would pay 75 per cent of the costs demanded by the occupation authorities for the accommodation and subsistence of their troops.⁴⁰⁹ However, the tax revenues of the *Württembergische Landesverwaltung* during the first six months of the fiscal year 1945 amounted to 86,000,000 RM, a decline of twenty nine per cent compared with the revenues of fiscal year 1944.⁴¹⁰ With the take-over of the occupation cost by the state (since 1949 the Federal Government took over this duty) the financial burden for the residents of Stuttgart was lightened. With this decision, all residents of Württemberg-Baden had to bear their share of the occupation costs. However, the decision did not change the basic truth that the common residents/taxpayers had to bear the burden of the lost war.

The decision to compensate initially only 75 per cent of the occupation costs directly related to the accommodation and subsistence of the troops put the city in a no-win situation. The city had no chance to refuse the fulfillment of requests of the occupation authorities. The occupation authorities exercised “supreme legislative, judicial and executive authority and power within the occupied territory...,”⁴¹¹ according to General Eisenhower’s Proclamation No. 1. In

⁴⁰⁸ Ibid., 1.

⁴⁰⁹ Stadtarchiv Stuttgart, Bestand 14/1, Signatur 362.

⁴¹⁰ Monthly Report of the Military Governor U.S. Zone, Finance and Property Control, No. 5, 20 December 1945. 2.

⁴¹¹ Military Government–Germany, Supreme Commander’s Area of Control, Proclamation No. 1, Article II.

addition, the Proclamation No. 1 of the Military Government – Germany, United States Zone stated in Article III “all Military Government and other orders... issued by or under the authority of the Supreme Commander, Allied Expeditionary Force, are continued in full force and effect in the United States Zone of Occupation...”⁴¹² leaving the administrative quarreling about payments to the Germans. Under these circumstances the Germans had to pay whatever the occupation troops requested, paid by the city or the state, even the improperly requested goods and services such as the French requests mentioned earlier in chapter 5. The French requested among others, par example, clothing for men, women and children, fabric and sewing material at a value of 2,252,000 RM or 740 pieces of machine tools valued at a price of 4,042,000 RM.⁴¹³

To alleviate the financial restraints the city looked for relief. To increase revenues for the communities all over Germany, the Allied Control Council enacted a tax law on 20 October 1945. Article I of the law increased the payroll tax 25 per cent from 1 October to 31 December 1945. According to Article II the income tax and the corporate income tax climbed at a rate of 6.25 per cent for the year 1945.⁴¹⁴ As an example to further increase government revenues the Military Government raised “telephone rates on 1 April 1946 as follows: 50 percent over existing rates for all kinds of telephone services, 87½ percent for local telegrams, 33⅓ percent for inter-urban telegrams and double rates for urgent telegrams.”⁴¹⁵ To this rise in state taxes, the city council raised community taxes, too. Stuttgart increased the rate of assessment for the property tax by 50 per cent, retroactive to 1 April 1945. The beverage tax and entertainment taxes were doubled.⁴¹⁶

⁴¹² Military Government–Germany, United States Zone, Proclamation No. 1 of July 14, 1945, Article III.

⁴¹³ Stadtarchiv Stuttgart, Bestand 14/1, Hauptaktei Gruppe 0, Signatur 362, 3.

⁴¹⁴ *Nachrichtenblatt der Militärregierung für den Stadtkreis Stuttgart*, Nr. 23, 8. November 1945. 2.

⁴¹⁵ Monthly Report of the Military Governor U.S. Zone, No.9, 20 April 1946.19.

⁴¹⁶ *Nachrichtenblatt der Militärregierung für den Stadtkreis Stuttgart*, Nr. 25, 25 November 1945. 1.

Furthermore, the city council considered several more options to increase revenues. The city council rejected a continued increase of the property tax – out of fear that the owners would charge the tenants for the additional amount. An increase of the local business tax was disapproved because of the state of the city's economy. The city council increased the dog license fee from 42 RM to 60 RM for every dog, however, these additional revenues were limited because of the few dogs in the city. The city proposed to the state the introduction of a general tax for radios. A monthly tax of 1 RM would generate about 780,000 RM from the existing 65,000 radios in the city. Also, the city considered raising fees and establishing new fees for services provided, as well as raising the prices for public utilities like gas, water and electrical energy supply.

In his article of 31 December, the chief of the Treasury Department proposed to petition the state to declare for Stuttgart a state of financial emergency. He also suggested a burden-sharing program with all communities for the expenses generated by the municipalization of the *Reich* police force ordered by the Military Government. The new city administration reduced the *Reich* police force for the Stuttgart area from 6,375 officers to about 1,400 officers,⁴¹⁷ so reducing the financial burden from the municipalization considerably. The expenses caused by the ceased *Reich* payments for the family support of drafted soldiers and evacuated families were to be included in the burden-sharing program, too. Equally, the city called for a pledge to the state to take over the remaining 25 per cent of the incidental occupation costs and to pay for the construction of temporary bridges over the Neckar River, including the removal of debris from roads.⁴¹⁸ It was a bleak picture the chief of the Treasury Department drafted. Even with utmost

⁴¹⁷ *Nachrichtenblatt der Militärregierung für den Stadtkreis Stuttgart*, Nr. 14, 5. September 1945. 5.

⁴¹⁸ *Nachrichtenblatt der Militärregierung für den Stadtkreis Stuttgart*, Sonder-Ausgabe, 31. Dezember 1945. 4.

thriftiness the city would not be able to cover the expected shortfall of 40,000,000 RM for the fiscal year 1945.

Stuttgart, together with the cities of Heilbronn and Ulm, as well as the county governments, achieved some relief when the Württemberg Treasury Department agreed in a letter of 7 January 1946 (*Finanzministerium* Nr. XIV B9-1117/45) the taking over by Württemberg-Baden of the 25 per cent of the occupation costs to date paid for by city and county governments.⁴¹⁹ As already mentioned, the complete takeover of the occupation costs by the state made it easier for cities like Stuttgart. However, the ordinary taxpayers, may they be from heavily damaged cities like Stuttgart, Heilbronn or Pforzheim or from small towns like the one this author lived in, or from villages not at all directly affected by the war destruction, had to bear the burden of increased state and community taxes. It was a solidarity forced on all residents of the U.S.-created state of Württemberg-Baden, a solidarity necessary for the survival of all.

6.2. Stuttgart's occupation costs at a glance

The basis for levying occupation costs from the inhabitants of an occupied territory is the “Convention with Respect to the Laws and Customs of War on Land,” commonly known as the Hague Convention (II) of 29 July 1899. Article 52 of Section III – On Military Authority over Hostile Territory states in plain language in the first sentence “neither requisition in kind nor services can be demanded from communes or inhabitants except for the necessities of the army of occupation.”⁴²⁰ According to Article 42 enemy “territory is considered occupied when it is actually placed under the authority of the hostile army.”⁴²¹ The Hague Convention (II) implies that a government in power exists when a capitulation of forces is agreed upon. Article 35

⁴¹⁹ Stadtarchiv Stuttgart, Bestand 14/1, Signatur 388. Innenministerium Nr. II 99 vom 4. Februar 1946.

⁴²⁰ http://avalon.law.yale.edu/19th_century/hague02.asp#art43, Art. 52, 2015-4-25.

⁴²¹ Ibid., Art. 42.

demands “capitulations agreed on between the Contracting Parties must be in accordance with the rules of military honor. When once settled, they must be scrupulously observed by both parties.”⁴²²

Article 35 assumes that a functioning government exists able to act as contracting party. This case, however, did not exist after the unconditional surrender of 8 May 1945, and the imprisonment of the Dönitz government later that month. The Declaration Regarding the Defeat of Germany and the Assumption of Supreme Authority by Allied Powers of June 5, 1945 stated in its preamble the non-existence of a “central Government or authority in Germany capable of accepting responsibility for the maintenance of order, the administration of the country and compliance with the requirements of the victorious Powers... [therefore the four Allied Representatives] assume supreme authority with respect to Germany, including all the powers possessed by the German Government, the High Command and any state, municipal or local government or authority.”⁴²³ With these conditions in mind, all requirements of the occupying power became legal; the Allies exercised the highest legal and executive powers in Germany. The staff of the Department for Occupation Costs at the University Tübingen described Germany’s situation clear-cut. Germany’s unconditional surrender and the non-existence of a central government, they noted, left it “entirely to the Occupying Powers to determine what goods and services must be supplied to the Occupation Forces... the German authorities herein act[ed] merely as pay offices for the supply measures of the Occupation authorities.”⁴²⁴

Back from the brief commentary on the Hague Convention and the Declaration of the Allied Powers, to the demands the city of Stuttgart faced from the occupation. Stuttgart’s *Amt*

⁴²² Ibid., Art. 35.

⁴²³ <http://avalon.law.yale.edu/wwii/ger01.asp> accessed 2015-4-25

⁴²⁴ Institut für Besatzungsfragen, *Occupation costs, are they a defence contribution?* Tübingen: J.C.B. Mohr. 1951. 1.

für Besatzungsleistungen (Department for Occupation Costs) listed carefully every month the cost for goods and services the occupying power requested, what goods and services the city could provide and what the city, respective of the state, had to pay for.

The official form listed under the headline generic occupation costs

- the costs for the confiscation of existing goods in stock (for the purpose of housing and subsistence of occupation troops) and the costs for the manufacture of new articles (production and supply of consumer goods and devices for the occupation troops),
- the costs for rebuilding and alterations of structures, including requisitioned housing,
- the costs for the maintenance of military equipment,
- the expenditures for DP camps including consumer goods when approved,
- billet compensation for requisitioned living space with ancillary expenses,
- wages and salaries for the civilian workforce employed by the occupying power,
- reparations (confiscation and supply of goods not marked for the immediate housing and subsistence of the occupation troops), and finally
- a category for services not covered by the other classifications.⁴²⁵

All the services added up to an average monthly bill of 5,263,932.91 RM for the period 8 May 1945 to 20 June 1948, the time of the currency reform.

Table 1 may give the reader an impression of the sums the city had to deal with representing the goods and services Stuttgart had to provide. With the exception of the months of September and November 1945 the total sums of the occupation costs leveled off to almost 4 million *Reichsmark*. The differences in the amounts in the various columns are surprising. They can be explained partially by reason of relocating troops, increase or decrease of unit strengths

⁴²⁵ Stadtarchiv Stuttgart, Bestand 14/1, Signatur 388, *Antrag auf Abrechnung mit dem Land Württemberg über verauslagte Besatzungskosten*. 3.

and of the changing structure of the Military Government organization, as well as the fluctuating numbers of civilians employed by the occupying power.

Particularly interesting is the steep increase in the amount of billet pay, the compensation for requisitioned fully furnished and equipped houses, duplexes and apartments in March 1946 to 110,400.25 RM. The U.S. housing office together with the city housing office requisitioned houses for the arrival of U.S. family members. The first transport of family members arrived in April 1946.

For the anticipated long occupation period General Eisenhower referred already in a letter to General Marshall, the Secretary of War, to “the possibility of enunciating some policy whereby certain personnel in the occupation forces could bring their wives to [Germany].”⁴²⁶ However, Lee Kruger realized in her dissertation, *Logistics Matters: the Growth of Little Americas in Occupied Germany*, that “U.S. military government regulations prohibited American families from living in the same buildings as German families.”⁴²⁷ This regulation forced many more Germans than necessary out of the already scarce living quarters.

The wages and salaries paid by the German government to the civilians employed by the occupation power varied highly, too. These sums fluctuate between a half and one and a half million *Reichsmark*. The fluctuation can be charged to the changing numbers of U.S. forces, as well as changing tasks like clearing waterways, repairing bridges and the like.

During the seven months Table 1 covers, the occupation costs added up to 24,510,042.37 RM, correlating with an average amount of 3,501,434.62 RM per month the city had to provide goods and services to the occupying power.

⁴²⁶ Eisenhower Library, Dwight D. Eisenhower Pre-Presidential Papers, 1916-1952, Box 80, March-June 1945.

⁴²⁷ Lee Kruger, *Logistics Matters: the Growth of Little Americas in Occupied Germany*. 236.

To make the financial obligations obvious for everybody, the Department for Occupation Costs itemized all costs in a report of 8 November 1948. The report *Kritische Stellungnahme zur Entwicklung der Besatzungskosten und Kosten für Zwangsverschleppte im Stadtkreis Stuttgart*⁴²⁸ (Critical Statement about the Development of Occupation Costs and of the Expenses for Displaced Persons in Stuttgart) lists the expenditures for the occupation from 8 May 1945 to 20 June 1948. The currency reform of 20 June 1948 replaced the *Reichsmark* by the *Deutsche Mark*. Furthermore, the department reports the *Deutsche Mark* expenditures of the III. Quarter 1948. The quarter lasted exactly from 21 June to 30 December 1948.

During the *Reichsmark* period of the occupation of 39 months (see Table 2) the city spent 200,029,450.66 RM on occupation costs, a monthly average of 5,128,960.27 RM. The most significant part of the total sum, namely 142,895,921.10 RM was spent on the requirement of the U.S. forces, with a monthly average of 3,663,979.98 RM. One has to remember that a city of 226,067 residents on 30 April 1945 and of 461,064⁴²⁹ in 1948, was charged by the occupying powers with goods and services according to the sums in Table 2. A calculation of the first *Deutsche Mark* quarter from 21 June to 30 September 1948 reveals that the sum of 11,284,573.28 DM for 104 days means an average of 3,255,165.40 DM per month for U.S. occupation costs, nicely fitting into the monthly pattern of occupation costs presented in Table 1.

The sum of 3,255,165.40 DM covered the needs of the 69 U.S. agencies in Stuttgart. The agencies employed on average 6,875 civilians, Germans and Displaced Persons; the Military Government employing 637 civilians and the U.S. Military Post employing 6,238 civilians. The critical report of the Department for Occupation Costs listed for August 1948 6,879 civilian employees. From this number 773 people were employed in guard duties, 823 people as drivers

⁴²⁸ Stadtarchiv Stuttgart, Bestand 14/1, Hauptaktei Gruppe 0, Signatur 362, *Leistungen für die Besatzungsmacht*.

⁴²⁹ Hermann Vietzen. 231-2.

Table 1: Accounting figures of the city of Stuttgart regarding occupation costs from 9/45 to 3/46

Date	Total Sum of Occupation Costs (RM)	Generic Occup. Costs (RM)	Building Maintenance for U.S. (RM)	U.S. Military Equipment Maintenance (RM)	DP Camps Costs run by UNRRA (RM)	Billet Pay (RM)	Payment to Employees of U.S. (RM)	Reparation Costs (RM)	Other Payments (RM)
9/45	1,746,870.25	591,200.78	272,497.31	12,364.33	126,499.09		484,124.90	11,509.20	248,674.64
10/45	4,031,824.98	1,465,888.03	533,339.40	110,148.09	284,339.18		1,134,810.49	7,775.00	494,524.79
11/45	2,257,569.38	572,269.33	304,024.74	53,271.06	121,680.63		717,958.33	165,848.37	322,514.92
12/45	4,268,149.71	777,403.76	350,206.84	10,375.59	158,843.57	542.70	1,513,866.19	1,040,534.32	416,578.72
1/46	4,309,769.06	1,572,525.18	187,418.21	182,242.08	297,927.40	7,860.80	757,007.59	968,480.10	336,307.70
2/46	3,946,117.38	1,329,474.44	1)	1)	173,797.48	38,625.03	1,439,902.39	782,933.06	99,192.38
3/46	3,949,741.61	1,103,081.05	1)	1)	312,896.23	110,400.25	1,236,774.61	841,912.27	340,778.55

1) Starting in February 1946 the charges for building maintenance and equipment maintenance were integrated into the generic occupation costs.

Source: Stadtarchiv Stuttgart, Bestand 14/1, Signatur 388. Settlement of the city of Stuttgart with the state Württemberg regarding advanced occupation costs during the period of September 1945 to March 1946.

and airport personnel, 1,515 in workshops, 1,352 in offices, 219 worked as engineers in workshops and offices, 1,581 in property management (cleaning, heating and caring for U.S. living quarters), 487 in kitchen and dining facilities, 85 worked in education and health service and 44 dealt with press and politics.⁴³⁰

Table 2: Costs of Goods and Services demanded by the Occupying Powers 1945-1948

Fiscal year	French Occ. Costs (RM)	Expenses for DP's (RM)	U.S. Occ. Costs (RM)	Total Costs (RM)
8 May 45-31 Mar 46	10,824,169.11	3,011,451.44	18,091,492.12	31,927,112.67
1 Apr 46-31 Mar 47	3,459,782.10	5,332,193.25	46,953,983.16	55,745,958.51
1 Apr 47-31 Mar 48	15,027,693.67	4,966,854.54	51,241,598.11	71,236,146.32
1 Apr 48-20 Jun 48	10,378,177.34	4,133,208.11	26,608,847.71	41,120,233.16
Total (RM)	39,689,822.22	17,443,707.34	142,895,921.10	200,029,450.66
	DM	DM	DM	DM
21 Jun 48-30Sep 48	402.06	1,260,217.69	11,284,573.28	12,545,193.03

Source: Stadtarchiv Stuttgart, Bestand 14/1, Hauptaktei 0, Signatur 362. *Leistungen für die Besatzungsmacht. Kritische Stellungnahme zur Entwicklung der Besatzungskosten und Kosten für Zwangsverschleppte im Stadtkreis Stuttgart.*

The author of the report suspects that half of the people employed in property management were working for U.S. families. He also suspects that a considerable number of people employed as drivers and airport personnel were used as drivers of privately owned vehicles,⁴³¹ service members were allowed to ship to Germany. U.S. families in occupied Germany received services free of charge – they could not have dreamt of such services in the United States.

From the currency reform of 20 June 1948 up to 31 March 1950, the state of Württemberg-Baden remitted 133,606,070.23 DM to the city of Stuttgart, who paid bills in a

⁴³⁰ Stadtarchiv Stuttgart, Bestand 14/1, Hauptaktei Gruppe 0, Signatur 362. *Leistungen für die Besatzungsmacht.* 13.

⁴³¹ Ibid., 14.

total amount of 133,418,825.82 DM for occupation costs accrued during this time, resulting in an average monthly payment for occupation costs of 6,353,277.42 DM (see Table 3 as an example).

With denazification and demilitarization close to being finished, re-education going

Table 3: Stuttgart's Occupation Costs from 4/49 to 3/50

Month/Year	Occupation Costs (DM)
4/49	5,067,444.64
5/49	8,423,426.93
6/49	6,404,610.21
7/49	6,545,612.58
8/49	7,663,029.40
9/49	6,869,833.82
10/49	6,249,450.74
11/49	6,284,897.00
12/49	7,212,634.07
1/50	5,754,957.19
2/50	6,623,710.36
3/50	6,848,285.15

ahead, and the democratization process on its way to statehood, one would expect a decreasing demand for occupation costs. The newspaper, *Stuttgarter Nachrichten*, 23 September 1948, reported that the Military Governor of the U.S. Zone, General Lucius D. Clay ordered a rate ceiling for occupation costs. As a consequence, the Military Government of Württemberg-Baden had to release 1,500 wage-earners by 1 December 1948.⁴³²

The “Critical Statement about the Development of Occupation Costs and of the Expenses for Displaced Persons in Stuttgart” displayed an interesting detail as a consequence of General Clay’s occupation cost reduction order. The number of people in Stuttgart employed by the U.S. reached 6,825 in May 1948. In August the number peaked at 6,879 people and dipped to 6,860 in September. The report cites as an example the Stuttgart PX, located at the *Mittnachtbau*. The

⁴³² Stadtarchiv Stuttgart, Bestand 14/1, Signatur 362. *Stuttgarter Nachrichten* Nr. 117 vom 23. September 1948.

PX employed in May 756 people, earning a total of 166,677.28 Mark.⁴³³⁴³⁴ From the 756 employees 48 were paid a wage sum of 9,098.50 *Mark* by the Germans through occupation costs. The remaining 708 employees paid by the PX, earned a total of 157,578.78 *Mark*.

In September, the number of employees dropped to 595 people, a reduction of 161 people or 21 per cent. From the remaining 595 people, 339 or 57 per cent of the workforce shifted to be paid by the Germans. They earned a wage sum of 85,506.71 *Mark*. That is more than nine times what Germany paid in May. The PX followed the order to reduce personnel, but instead of decreasing the occupation costs like General Clay intended, this U.S. employer increased the burden on the Germans.⁴³⁵ However, the newspaper article reports that the overall occupation costs for Württemberg-Baden decreased from 20 to 22 million prior to the currency reform to 10.4 to 14.1 million⁴³⁶ in July/August 1948.

Already in a memorandum of 21 December 1942, John Maynard Keynes articulated that a thoroughly demilitarized Germany should be required to contribute “to the cost of preserving world peace at least equal to the burden which we [Great Britain would] be assuming ourselves.”⁴³⁷ One could substantiate Keynes’ argumentation – Germany paying for the guarantee of external security – only when a sovereign Germany demanded it. Few Germans would accept the argument that occupied Germany should view occupation costs as its contribution to preserve external security by keeping peace. An occupied territory, with foreign powers exercising supreme authority cannot conclude such an agreement. Occupied Germany

⁴³³ Stadtarchiv Stuttgart, Bestand 14/1, Hauptaktei Gruppe 0, Signatur 362. *Leistungen für die Besatzungsmacht*. 16-17.

⁴³⁴ The author of the “Critical Statement about the Development of Occupation Costs and of the Expenses for Displaced Persons in Stuttgart” used, in his report, the term *Mark* instead of *Reichsmark* or *Deutsche Mark*. He equalized *Reichsmark* and *Deutsche Mark* by arguing that the delivery of goods and services, as well as rent at compulsory prices would be compensated at the same nominal value in *Reichsmark* or *Deutsche Mark*.

⁴³⁵ Stadtarchiv Stuttgart, Bestand 14/1, Hauptaktei Gruppe 0, Signatur 362 *Leistungen für die Besatzungsmacht*.

⁴³⁶ Interestingly, the article of the *Stuttgarter Nachrichten* mentions neither *Reichsmark* nor *Deutsche Mark*.

⁴³⁷ Donald Moggridge, ed., *The Collected Writings of John Maynard Keynes, Vol. XXVI Activities 1941-1946, Shaping the Post-War World, Bretton Woods, and Reparations*. (London: Cambridge University Press, 1980). 341.

could be forced to pay occupation costs of any amount. “Occupation costs” changed names to “stationing costs” only when the Federal Republic of West Germany, established on 20 September 1949, became a NATO member in May 1955.

National interests trumped a Germany governed by a unanimous Allied Control Council. Frictions within the Allied Control Council led to the Blockade of Berlin and finally to the break-up of the war coalition. The tensions with the USSR prevented a further cut in U.S. troop strength. Additionally, the rising numbers of U.S. family members arriving in Germany forced the building of living quarters, of schools, movie theaters, kindergartens and hospitals, as well as an expansion of service infrastructure like commissaries, PX-stores, garages and recreational services to be paid for by Germany.

6.3. The *Reichsmark* budgets 1945 to 1948

In 1945, Stuttgart became the capital of the artificially created entity of Württemberg-Baden, one of the three states of the U.S. occupation zone, disregarding the U.S. sector of Berlin and the Bremen enclave. Stuttgart was not the largest city, nor was it the most severely damaged city in the U.S. occupation zone. The U.S. sector of divided Berlin, the cities of München and Frankfurt had more pre- and post-war residents than Stuttgart. The cities of Nürnberg, Würzburg, Kassel, and Pforzheim suffered more damage and destruction from the Allied bombing campaigns, as well as from battles on the ground than Stuttgart.

However, Stuttgart will be used as an example of how cities dealt financially with the war-caused damages, destruction, with the influx of refugees, expellees, with returning evacuees, and with the hundred of thousands displaced persons, the heritage of Hitler’s and his party’s twelve years in power. The problems Stuttgart faced after the war all communities in Germany faced, whether located in the U.S., the British, the French, or the Russian occupation zones.

The highly centralized governing structure of the Third *Reich* fell apart after the defeat. The absence of a functioning *Reich* government, as well as the non-existence of state-level governing entities, increased the difficulties the cities and communities faced. Stuttgart was on its own throughout the occupation regimes of the French forces between 22 April 1945, and from 8 July 1945 on, of the American forces during the first months of the occupation. Stuttgart had to satisfy the legal, sometimes illegal⁴³⁸ requests, of the occupiers, relying only on its own personnel, material and financial resources, lacking the backing of a state or *Reich* government. However, aside from the relatively short time at the beginning of the occupation, the city had to pay the incidental costs caused by the French and later on by the American troops stationed in Stuttgart, as well as the costs of the U.S. Military Government for Württemberg-Baden and of the U.S. city government. The *Württembergische Landesverwaltung für Finanzen*, the predecessor of the treasury department of the state of Württemberg-Baden agreed upon for the time being to pay seventy-five per cent of the incurred occupation costs⁴³⁹, later covering the total sum by proxy of a non-existing *Reich* government.⁴⁴⁰

Aside from the state-paid occupation costs, Stuttgart faced numerous financial challenges Stuttgart had to shoulder on its own without remedy from outside. The city needed to provide food and shelter for its bombed-out residents and returning evacuees, to reestablish the semblance of normal life in a devastated city without peacetime amenities like running water, gas and electricity, without public transportation and without a working public infrastructure.

To these pressing needs the city administration had to cope with the requests of the occupier, with confiscations and requisitions, with detentions and the denazification, and with

⁴³⁸ Article 52 of the Hague Convention (II) of 29 July 1899 states in Article 52 “neither requisition in kind nor services can be demanded from communes or inhabitants except for the necessities of the army of occupation.”

⁴³⁹ Stadtarchiv Stuttgart, Bestand 14/1, Signatur 362.

⁴⁴⁰ Letter of the Treasury Department, 7 January 1946, Finanzministerium Nr. XIV B9-1117/45.

the request to house and feed the numerous displaced persons released from forced labor in the city's many industrial plants, now roaming the streets and countryside on their way home. The requests and decrees of the Military Government superseded all the needs of the residents, refugees, and evacuees. The French and U.S. military forces had the power and they used the power to get what they wanted and what they deemed necessary.

During such times of crisis the city administration had no time and resources to prepare a city budget for the fiscal year 1945, lasting from 1 April 1945 to 31 March 1946. Only toward the end of 1946, when the newly elected state government of Württemberg-Baden provided the legal base for the final state approval of the budget plan,⁴⁴¹ did the city administration fix budget plans for the years of 1945 and 1946, publicizing the plans on 9 January 1947. The following *Reichsmark* budget for the fiscal year 1947 was late, as well as the *Deutsche Mark* budget for 1948. For the year 1948, the city prepared two budgets, a budget based on the *Reichsmark* currency and a budget based on the *Deutsche Mark* currency because of the currency reform of 20 June 1948 in the occupation zones of the three western Allies. The 1948 *Reichsmark* budget covered the fiscal year from 1 April 1948 to 31 March 1949, whereas the 1948 *Deutsche Mark* budget covered the time from 21 June 1948 to 31 March 1949.

It is not the intention to calculate the financial burden the city faced as consequence of the war to the *Reichsmark* and *Pfennig*. Rather, the chapter demonstrates the dimension of financial liabilities the war caused to the residents of Stuttgart. Accurate sums of *Reichsmark/Deutsche Mark* of war-caused financial strains one cannot extract from the city budgets as a whole, much less what the single resident had to shoulder on his own account.

War-caused charges are listed in the budget in every of the ten general sections under subsections and titles. However, the summing-up is not a representation of completeness, it is

⁴⁴¹ Haushaltssatzung der Stadt Stuttgart für die Rechnungsjahre 1945 und 1946. V.

the result of one's personal and probably subjective judgment. To demonstrate the scope of the burden, the added costs of seven major groups of unmistakably and directly war-related causes are summarized:

1. The sum allocated to repair war damaged public buildings, as well as to replace equipment and furniture;
2. Money allocated for the removal of debris from streets, public places and private property, as well as clearing waterways;
3. The money allocated to repair/rebuild the fourteen destroyed Neckar River bridges separating the city;
4. Money allocated by the city to rebuild/repair war-damaged public housing, as well as supporting the reconstruction of private housing;
5. The money allocated to the rubric "public aid" summarizes all kinds of aid to war-disabled, surviving dependents of killed soldiers, prisoners of war, refugees, evacuees, displaced persons, politically haunted, the remaining needy, as well as building and running camps for refugees and homeless, for *Wärmestuben* (warming stations) and *Volksküchen* (soupkitchen), barter offices for shoes and clothing and the like;
6. Expenses allocated for war-related offices like the *Besatzungskostenamt* (Department for Occupation Costs), the *Kriegsschädenamt* (Office for War Damage), the *Strassenverkehrsamt/Fahrbereitschaft* (Department for Road Traffic/Motor Pool), the *Wirtschaftsamt* (Department for Economy and Commerce), and the *Ernährungsamt* (Department of Food);
7. Expenses allocated for the acquisition of destroyed office space and office equipment;

To analyze the amounts of allocated money it seems opportune to differentiate between the *Reichsmark* budgets and the *Deutsche Mark* budgets. The seven years covering the time span from 1945 to 1951 the city prepared eight budgets, four *Reichsmark* budgets from 1945 to 1948 and four *Deutsche Mark* budgets from 1948 to 1951, with two budgets for the fiscal year 1948. The 1943 budget was the last complete ordinary budget of Stuttgart. For the fiscal year 1944, as well as for the fiscal year 1945 supervisory authorities directed the city to follow the trend of the 1943 budget by implementing necessary changes.⁴⁴² Stuttgart's 1943 budget of a total of 206,648,075 RM closed with a surplus of 13,841,232 RM.⁴⁴³ The 1944 balanced budget of 190,600,000 RM faced expenses for general welfare and youth welfare serviced of 61,000,000

Table 4: Stuttgart's financial burden of the war: 1945-1948 (*Reichsmark*) budgets⁴⁴⁴

Year	1945	1946	1947	1948
Population ⁴⁴⁵	367,193	414,072	443,095	465,794
1. Public buildings	3,002,600	5,585,700	8,660,610	7,639,080
2. Debris removal	4,000,000	5,490,000	6,915,000	6,240,000
3. Bridge repair	220,000	1,407,000	1,900,000	1,290,000
4. Public housing	743,800	895,000	300,000	150,000
5. Public aid	11,040,700	12,672,400	9,740,900	9,524,600
6. War-related offices	5,158,300	5,780,200	5,965,700	5,914,200
7. Acquisition of office space	1,023,000	1,354,000	793,000	375,000
Sum of war-related expenses	25,188,400	33,184,300	34,275,210	31,132,880
City budget	94,226,700	110,775,420 ⁴⁴⁶	116,883,800	111,900,100
% of city budget	26.7	30	29.3	27.8

RM, family support for drafted soldiers of 45,500,000 RM – the *Reich* government reimbursed the city government 42,000,000 RM, the city's contribution to the war efforts of 33,000,000 RM,

⁴⁴² Haushaltsatzung der Stadt Stuttgart für die Rechnungsjahre 1945 und 1946. V.

⁴⁴³ Ibid., VI.

⁴⁴⁴ Numbers extracted from the city budgets of Stuttgart 1945 to 1948.

⁴⁴⁵ Hermann Vietzen. 232.

⁴⁴⁶ Haushaltsatzung der Stadt Stuttgart für die Rechnungsjahre 1945 und 1946. IV.

as well as expenses of 48,000,000 RM for air-raid protection, *Hilfskrankenhaeuser* (auxiliary hospitals), additional war administrations etc., eating up sixty four per cent of the revenues⁴⁴⁷.

Due to the defeat, the total occupation, the chaos of the first few months of occupation, and the creation of new political and administrative units, the city could finally present budgets for the fiscal years 1945 and 1946 on 9 January 1947. The budgets strongly deviated from the 1943 budget, the last approved wartime budget in revenues and expenses by 98,580,143 RM in 1945, respectively 82,031,423 RM in 1946. In 1943 the city achieved a surplus of 13,841,232 RM by expenses of 192,806,843 RM, in 1945 the city ended up with a deficit of 18,458,130 RM while spending accounted for 94,226,700. The deficit of the 1946 budget amounted to 18,517,820 RM.⁴⁴⁸

The population of Stuttgart increased between 1945 and 1948 by roughly 100,000. The increase explains the nearly constant expenditures of about ten million RM per year for public aid with a peak of twelve and a half million RM in 1946 caused by the influx of the expellees from southeastern Europe. Also, the expenses for war-related offices⁴⁴⁹ stayed steady over the four years, oscillating between five and six million RM. The city allocated for public buildings, debris removal, bridge repair and public housing in 1945 7,966,400 RM, equal to 8.5 per cent of the budget, in 1946 13,377,700 RM, equal to 12.1 per cent of the budget, in 1947 17,775,610 RM, equal to 15.2 per cent of the budget, and in 1948 15,319,080 RM, equal to 13.7 per cent of the budget. The spending for rebuilding the city – topped in 1945 and 1946 only by the expenditures for public aid – advertised the efforts of the administration to normalize the public life by trying to provide minimum housing, improved traffic infrastructure, and basic public

⁴⁴⁷ Hermann Vietzen. 586.

⁴⁴⁸ Ibid., III.

⁴⁴⁹ Haushaltsatzung der Stadt Stuttgart für die Rechnungsjahre 1945 und 1946. 34-41. Haushaltsatzung der Stadt Stuttgart für die Rechnungsjahre 1947 und 1948. 39-45.

services. With the exception of 1945 the sum of war-related expenses leveled off between thirty one and thirty four million RM, consuming close to thirty per cent of the yearly budgets.

6.4. The *Deutsche Mark* budgets 1948 to 1951

Between 1948 and 1951 the population grew to approximately fifty thousand people, due to the end of the ethnic cleansing in eastern and southeastern European countries. Still, a steady influx of refugees fled from the Russian communist occupation zone. Eye-catching for the four *Deutsche Mark* budgets during these years is the total increase of the budgets from 86 million DM in the 1948 nine-months budget to the 167 million DM in 1951.

The availability of loans from ERP (European Recovery Program) funds and GARIOA (Government Aid and Relief in Occupied Areas) funds provided the means to import food and raw materials. The U.S. Economic Cooperation Administration (ECA), executing the ERP funds approved for the fiscal year 1949 for West Germany loans of \$332.9 million, \$100.6 million earmarked for food, \$207 million allotted for industrial imports, and \$25.3 million for transportation costs. Furthermore, GARIOA approved \$389.2 million for food and agriculture, and \$18.5 million for the economy, mainly POL products, freight included. A total sum of \$ 740.6 million⁴⁵⁰ approved, a value of 3,110,520,000 DM, at an exchange rate of \$ 1=4.2 DM.⁴⁵¹ The ERP loans to West Germany made it possible to build 200,000 apartments in 1949. For the fiscal year 1950 German plans projected to build additional 250,000 apartment units at the expense of 2.5 billion DM. The object was to construct in six years 1.8 million apartments,⁴⁵² to alleviate the lack of apartments caused by Allied bombing.

⁴⁵⁰ Stadtarchiv Stuttgart, Bestand 21/1, Signatur 21. *Erster Bericht der Deutschen Bundesregierung über die Durchführung des Marshallplanes, 1. Oktober 1949 bis 31. Dezember 1949.* 29.

⁴⁵¹ <http://www.history.uscb.edu/faculty/marcuse/projects/currency.htm#tables>, accessed 2015-08-23

⁴⁵² Stadtarchiv Stuttgart, Bestand 21/1, Signatur 21. *Erster Bericht der Deutschen Bundesregierung über die Durchführung des Marshallplanes, 1. Oktober 1949 bis 31. Dezember 1949.* 13.

Stuttgart's continuous budget growth and the more or less constant expenses for war-related causes decreased their share of the budget from twenty six per cent in 1948 to close to thirteen per cent in 1951. The charges for war-related offices dropped from 3.3 million DM in 1948 to 379,000 DM in 1951, signaling the coming end of the period. The increases in Stuttgart's repair and reconstruction of public buildings—first and foremost hospitals and school buildings—and of public housing, demonstrates the availability of money, material and labor.

Table 5: Stuttgart's financial burden of the war: 1948-1951 (*Deutsche Mark*) budgets⁴⁵³

Year	1948	1949	1950	1951
Population	465,794	472,068	488,741	509,053
1. Public buildings	10,212,830	9,810,190	10,949,510	12,057,760
2. Debris removal	3,917,000	4,040,000	1,350,000	2,482,000
3. Bridge repair	1,190,000	1,700,000	1,050,000	600,000
4. Public housing	886,500	715,000	5,920,000	2,910,000
5. Public aid	2,032,500	3,018,500	2,896,470	3,203,490
6. War-related offices	3,369,600	2,965,900	1,395,900	379,000
7. Acquisition of office space	717,780	763,440	623,230	—
Sum of war-related expenses	22,326,210	23,013,030	24,185,110	21,632,250
City budget	85,990,100	112,985,200	126,569,300	167,474,400
% of city budget	26	20.3	19.1	12.9

6.5. Summary

Defeat confronted the city of Stuttgart with a situation nobody had imagined. Destroyed and occupied, the former local government by Nazi authorities disappeared, the city had to bow to the will of the victors. The newly appointed city government, screened of party members, had to fulfill the demands of the Military Government. Trying to revive the community they attempted to reestablish a functioning administration by providing essential services like housing, food, clothing, and medical care aside from putting back into operation critical services

⁴⁵³ Numbers extracted from the city budgets of Stuttgart 1948 to 1951.

like public safety, running water, electricity, gas, and basic public transportation. Lacking revenues from taxes, the lack of goods, services and material for the residents aggravated the situation. The average labor force – the able-bodied were killed during the war or prisoners of war – living on a 1,500 calorie diet could not perform the necessary heavy work. Taking into account all the drawbacks, including the occupation costs paid by the state with taxes from every citizen, one has to admire what the residents of Stuttgart accomplished in five, six years starting from a pile of rubble. The burden of the consequences of the war the residents had to bear for a long time. The last Neckar River bridge was completed in the late fifties, the new castle was re-erected in the sixties, and the reconstruction of the old castle finished in the seventies.

Chapter 7: Württemberg-Baden's war-related expenditures

As one may remember, before the *Third Reich's* centralization approach, replacing states by *Gaue* (districts), the states of Württemberg and Baden of the Weimar Republic and the former Kingdom of Württemberg and Grand Duchy of Baden were independent states for a long time, pre-existing the German unification of 1871. The northern parts of the two states, cut into half by strategic deliberations to keep the *Autobahn* Mannheim-Karlsruhe-Stuttgart-München-Salzburg in U.S. hands, were forced into the new entity of Württemberg-Baden by order of General Eisenhower's Proclamation No. 2, 19 September 1945.⁴⁵⁴

It took several years for the residents of the forced unification of the two parts of states to develop a feeling of togetherness. After the founding of the Federal Republic of West Germany in 1949, the residents of the state of Württemberg-Baden of the U.S. zone and the French-occupied southern parts of Baden and Württemberg and of Württemberg-Hohenzollern decided in a public vote on 16 December 1951 to join together in 1952 into the new federal state of Baden-Württemberg.

A public vote for a government of the state of Württemberg-Baden did not happen in 1945; rather, the U.S. appointed a temporary parliament on 21 December 1945. A constitutional council, elected on 30 June 1946, drafted a constitution for Württemberg-Baden. Approved by the Military Government, the electorate affirmed the constitution on 24 November 1946, and also elected the first state parliament of Württemberg-Baden. The *Landesbezirk* (regional district) of Württemberg and the *Landesbezirk* (regional district) of Baden represented the two parts of the new state. Their regional governments sat in Karlsruhe for Baden and in Stuttgart for Württemberg. One sees the differing traditions and usage of Württemberg and Baden not only in

⁴⁵⁴ Military Government–Germany United States Zone, Proclamation No. 2, Hauptstaatsarchiv Stuttgart, EA 1/014, Bü 189.

the separate budget plans but also in the different structure of the budget plans, the different classifications of expenditures, even in the different scripts the two regional districts used.

7.1. The budget for fiscal year 1946

For the fiscal year 1946 the *Landesbezirk* Württemberg prepared a budget, as well as the *Landesbezirk* Baden. Both were added up and presented as the 1946 budget plan for Württemberg-Baden.⁴⁵⁵ It is not easily detectable which assets of the budget plans are incurred as a result of the war. However, one can assume as the author does that the following enumeration of assets of the budget plans for 1946 are war-related.

Without doubt one can count the occupation costs and related costs as consequences of the war. And it is not questionable that the expenses for repairing and reconstructing of war-damaged buildings, bridges, roads and waterways as well as railroad infrastructure are effects of the war. Equally, one can consider the expenses for refugees, the emergency support for surviving dependents and for the dependents of prisoners of war, as well as the pensions for war-disabled as follow-up costs of the war. It is also assumed that the expenses attributed to the reorganization of the German public life ordered by the Allied Control Council/Military Government are considered to be war-related. The Departments for Political Liberation tasked in the frame of the denazification process to screen the total adult population of the U.S. Zone incurred major expenses in this field. The costs incurred through the representation of Württemberg-Baden at the Allied Control Council and at the *Länderrat* (Council of States) are less tangible.

⁴⁵⁵ Gesetz Nr. 504 über die Feststellung des Staatshaushaltsplans der Landesbezirke Württemberg und Baden für das Rechnungsjahr 1946 (Staatshaushaltsgesetz für 1946). Regierungsblatt der Regierung Württemberg-Baden, Nr. 10 vom 5. August 1947. 69-70.

The following table shows the sums paid by the government of Württemberg-Baden as war-related costs in the fiscal year 1946, lasting from 1 April 1946 to 31 March 1947. All numbers of the table are derived from the budget plan of Württemberg-Baden for 1946.⁴⁵⁶

Table 6: Payments of occupation costs and war-related expenses of the regional districts of Württemberg and Baden, fiscal year 1946

Expenses (RM)	Württemberg	Baden	Württemberg-Baden
Occupation costs / related costs	300,000,000	200,500,000	500,500,000
Repair / reconstruction	17,541,950	22,320,000	39,861,950
Refugees, disabled, dependents	91,125,000	201,018,100	292,143,100
Political costs	37,669,100	36,207,400	73,876,500
Sum of war-related expenses	446,336,050	460,045,500	906,381,550
State / district income ⁴⁵⁷	1,269,607,800	897,244,200	2,166,852,000
Share of occ. costs / rel. costs	23.6%	22.3%	23.1%
Share of war-related expenses	35.2%	51.3%	41.8%

Source: Budget Plans of the regional districts of Württemberg and Baden of 31 July 1947.

The 300,000,000 RM of occupation costs and related costs the regional district of Württemberg paid in the fiscal year 1946 was 23.6 per cent of its total budget. The regional district of Baden paid 22.3 per cent of its total budget for occupation costs and related costs. Both districts together spent 23.1 per cent of their budget for these expenditures.

As an example, the sum of Württemberg's 300,000,000 RM consists of 75,000,000 RM for requisitions, 5,000,000 RM for requests and material, 80,000,000 RM for wages and salaries of people employed by the forces, 30,000,000 RM for goods and services, 80,000,000 RM for the services of the *Reichsbahn* and *Reichspost* used by the Military, 2,000,000 RM for restitutions, 3,000,000 RM for reparations, and 25,000,000 RM for displaced persons. Adding up all war-related expenses, the regional district of Württemberg spent 446,336,050 RM, the

⁴⁵⁶ Gesetz Nr. 504 über die Feststellung des Staatshaushaltsplans der Landesbezirke Württemberg und Baden für das Rechnungsjahr 1946 (Staatshaushaltsgesetz für 1946) vom 31. Juli 1947.

⁴⁵⁷ Ibid., 1, and Staatshaushaltsplan von Württemberg-Baden für 1946 nebst Anlagen.

regional district of Baden 460,045,500 RM, and both together 906,381,550 RM in fiscal year 1946. The share of war-related expenses amounted to 35.2 per cent in Württemberg, 51.3 per cent in Baden, and to 41.8 per cent for Württemberg-Baden. Under political costs (line 5 of Table 4) the following costs are subsumed: the Department for Political Liberation, the Bureau of Compensation, as well as the costs incurred through the representation of Württemberg-Baden at the Allied Control Council and at the Council of States.

By order of the ACC the centralized police force of the *Third Reich* had to be decentralized down to the level of municipalities. To support the communities financially the states had to provide money for the municipalized police force. The regional district of Baden included in its 1946 budget a grant for the local police force of 4,900,000 RM. The regional district of Württemberg included the grant for the local police force in its budget for the police of 15,689,000 RM. The question arises if one can count these new expenses at the community level as war-related costs. The centralized police force was paid for by general taxes. The states, *per procurationem* of a non-existent *Reich* government collected the taxes for the *Reich*. Supporting the community-based new police force by the state, respectively by the regional districts does not create additional costs to the taxpayer. Ergo one cannot count these expenses at the state level as war-related costs.

7.2. The budget for fiscal year 1947

In the budget of fiscal year 1947 the occupation costs and related expenses decreased by 58,500,000 RM. The percentage of the total budget, however, did not decline, it increased from 23.1 per cent in 1946 to 28.5 per cent in 1947 due to a reduction of the state income from 2,166,852,000 RM to 1,552,259,350 RM. As in 1946, the budget of 1947 does not list separately the expenditures for the war-disabled, for the surviving dependents, and for the dependents of

German soldiers in captivity. Only the assistance for the refugees from the East and for the expellees from Southeastern Europe are listed as expenses in the extraordinary budget with 75,000,000 RM, as well as the assistance for repatriated prisoners of war of 5,000,000 RM. The contribution of 2,500,000 RM for the Hoover meal program in 1947, the author appreciated very much during his school attendance in the first grade. He remembers very well the place in the basement of the school building where volunteers dished out mouth-watering soup, milk and other foodstuffs.

With the statehood of Württemberg-Baden in late 1946, the two Departments for Political Liberation were merged into one, saving a considerable amount of money. The Bureaus of Compensation, negligible in 1946 were budgeted for 20,000,000 RM, expecting an increase in compensation cases. The regional district of Württemberg itemized the 266,000,000 RM of occupation costs and related expenses of 1947 (in parentheses the numbers for 1946) to demonstrate the changes of particular items from fiscal year 1946 to 1947. Württemberg paid for wages and salaries of people employed by the occupying force 60,000,000 RM (80,000,000 RM), for Military Government requisitions it paid 90,000,000 RM (75,000,000 RM), for the services of the *Reichsbahn* and *Reichspost* 30,000,000 RM (80,000,000 RM), and for the provisioning of displaced persons 40,000,000 RM (25,000,000 RM).

7.3. The budget for fiscal year 1948

The budget of Württemberg-Baden for the fiscal year 1948, 1 April 1948 to 31 March 1949, was announced with the Law No. 522 of 25 June 1948. The state parliament enacted the budget five days after the German currency reform of 20 June 1948. The reform replaced the

Table 7: Payments of occupation costs and war-related expenses of Württemberg-Baden, fiscal year 1947

Expenses (RM)	Württemberg	Baden	Württemberg-Baden
Occupation costs / related costs	266,000,000	176,000,000	442,000,000
Repair / reconstruction	17,709,000	19,297,300	37,006,300
Refugees assistance	45,000,000	30,000,000	75,000,000
Department for Political Liberation	50,786,000		50,786,000
Bureau of Compensation	10,107,500	10,078,600	20,186,100
Assistance for repatriated Prisoners of War	3,000,000	2,000,000	5,000,000
Contribution to Hoover meal program	1,500,000	1,000,000	2,500,000
Sum of war-related expenses	394,102,500	238,375,900	632,478,400
State / district income	927,021,150	625,238,200	1,552,259,350
Share of occupation costs / related costs	28.7 %	28.1 %	28.5 %
Share of war-related expenses	42.5 %	38.1 %	40.7 %

Source: Gesetz über die Feststellung des Staatshaushaltsplans für Württemberg-Baden für das Rechnungsjahr 1947 (Staatshaushaltsgesetz für 1947). Regierungsblatt der Regierung Württemberg-Baden, Nr. 4 vom 8. März 1948. 27-39.

obsolete *Reichsmark* with the newly created *Deutsche Mark*. In the budget, all revenues and expenditures are declared in *Reichsmark*. Taking the currency reform into account, Article 8 of the Law No. 522, Paragraph 1 prohibits for three months after the currency reform the hiring and promotion of any public officers, employees and workers. Paragraph 2 and 4 blocked twenty five per cent of all approved expenditures of the budget. From the remaining seventy five per cent, only one twelfth can be allocated per month. The government did not publicize a separate budget plan for the *Deutsche Mark* period.

The estimated expenses for the budget for fiscal year 1948 see a decline of 11,000,000 RM for the occupation costs and related costs compared with 1947. The amount of money for repair/reconstruction of roads, *Autobahnen*, and other infrastructure stayed nearly the same.

Table 8: Payments of occupation costs and war-related costs of Württemberg-Baden, fiscal year 1948

Expenses (RM)	Württemberg	Baden	Württemberg-Baden
Occupation costs / related costs	251,000,000	180,000,000	431,000,000
Repair / reconstruction	24,301,400	14,025,900	38,327,300
Refugee assistance	28,786,000	23,232,600	52,018,600
Department for Political Liberation	27,310,000		27,310,000
Bureau of Compensation	28,478,500	22,303,700	50,782,200
Sum of war-related expenses	359,875,900	239,562,200	599,438,100
State / district income	839,620,100	593,620,000	1,433,240,100
Share of occupation costs / related costs	29.9 %	30.3 %	30.1 %
Share of war-related expenses	42.9 %	40.3 %	41.8 %

Source: Gesetz Nr. 522 über die Feststellung des Staatshaushaltsplans in Württemberg-Baden für das Rechnungsjahr 1948 (Staatshaushaltsgesetz für 1948). Regierungsblatt der Regierung Württemberg-Baden, Nr. 11 vom 17. Juli 1948. 77-88.

The assistance for refugees decreased almost 23,000,000 RM from 75,000,000 RM to 52,018,600 RM. Likewise, the expenses for the Department for Political Liberation were cut by nearly fifty per cent, from 50,786,000 RM to 27,310,000 RM, signaling the upcoming end of the denazification program in the U.S. occupation zone. The Bureau of Compensation more than doubled its budget from 20,186,100 RM to 50,782,200 RM. The assistance for repatriated prisoners of war from countries other than the United States and Great Britain, as well as a contribution to the Hoover meal program are no longer listed separately in the budget. These expenditures were covered by other budget posts and no longer especially itemized in the general state budget. The share of the occupation costs and related costs of the budget increased slightly from 28.5 per cent to 30.1 per cent and the share of war-related expenses rose from 40.7 per cent in 1947 to 41.8 per cent in 1948 for Württemberg-Baden.

7.4. The budget for fiscal year 1949

The budget of fiscal year 1949, the first *Deutsche Mark* budget of Württemberg-Baden, surprised with a decline in the occupation costs and related costs of 80,340,000 DM by a total budget increase of 285,167,450 DM compared with 1948. However, the war-related expenditures for repair/reconstruction increased more than threefold from 38,327,300 RM to 129,823,750 DM. This amount of repair/reconstruction includes all expenditures subsumed regarding to the repair or construction of buildings and apartments, new settlements, road construction and water engineering, as well as the repair and reconstruction of the *Autobahn*. The increase advertised two facts. First, the inauguration of the currency reform of 20 June 1948 – *Reichsmark* were exchanged to *Deutsche Mark* in the ratio of 10:1 – opened up a supply of goods. The Military Governor reported that on Monday, 21 June, suddenly “for the first time since the close of the war shops in all the principal cities of the U.S. Zone showed textiles, household and electrical goods, furniture and a variety of other previously scarce items at fairly reasonable prices.”⁴⁵⁸ With the currency reform, the U.S. Military Government abandoned the war-induced price freeze, maintained by the Allies partially, stimulating the German economy. Second, beginning in late 1948, dollar-based loans of the European Recovery Program (ERP) – known as the Marshall Plan – enabled the German economy to import essential raw materials to produce goods for the internal consumption, as well as for export, to finance further imports. The increase of funds for repair/reconstruction to 129,823,750 DM proved the availability of loans for urgent public projects through the ERP.

The phase-out of the Department for Political Liberation is clearly visible by a budget reduced from 27,310,000 RM to 4,481,900 DM. Remarkable is the significant reduction in the share of the occupation costs and related costs from 30.1 per cent of the total budget to 20.4 per

⁴⁵⁸ Monthly Report of the Military Governor U.S. Zone, No. 36, June 1948. 2.

cent, as well as the reduction of the share of war-related expenses from 41.8 per cent to 32.4 per cent.

Table 9: Payments of occupation costs and war-related expenses of Württemberg-Baden, fiscal year 1949

Expenses (DM)	Württemberg	Baden	Württemberg-Baden
Occupation costs / related costs	206,450,000	144,210,000	350,660,000
Repair / reconstruction	80,601,200	49,222,550	129,823,750
Refugee assistance	26,695,250	19,120,000	45,815,250
Department for Political Liberation	4,481,900	-	4,481,900
Bureau of Compensation	16,861,000	9,838,000	26,699,000
Sum of war-related expenses	335,089,350	222,390,550	557,479,900
State / district income	1,041,759,050	676,648,500	1,718,407,550
Share of occupation costs / related costs	19.8 %	21.3 %	20.4 %
Share of war-related expenses	32.2 %	32.9 %	32.4 %

Source: Gesetz Nr. 541 über die Feststellung des Staatshaushaltsplans für Württemberg-Baden für das Rechnungsjahr 1949 (Staatshaushaltsgesetz für 1949). Regierungsblatt der Regierung Württemberg-Baden, Nr. 13 vom 30. Juni 1949. 89-101.

7.5. The budget for fiscal year 1950

The establishment of the Federal Republic of West Germany in September 1949 dramatically impacted Württemberg-Baden's budget of the fiscal year 1950 as with the budgets of all other federal states of the new republic. The Federal Republic, claiming to be the legal successor of the *Third Reich* government, demanded its share of the tax revenues collected and administered so far by the states. The state income of Württemberg-Baden decreased by about 655 million DM from 1949 to 1950.

According to section XXV of the federal budget, "*Haushalt der Besatzungskosten und Auftragsausgaben der Auslaufzeit für das Rechnungsjahr 1950*," the federal government and the state governments agreed "that effective 1 April 1950 the cumulative expenses for the occupation, as well as the tax revenues necessary to cover these expenses, will be transferred to

the federal government.”⁴⁵⁹ This explains the reduction of the state income, as well as the drastic cutback in the occupation costs/related costs in the state budget from 350,660,000 DM in 1949 to 37,500,000 DM in 1950. The share of occupation costs/related costs dropped from 20.4 per cent to 3.5 per cent in 1950 and the share of war-related expenses dropped from 32.4 per cent to 9 per cent.

Table 10: Payments of occupation costs and war-related expenses of Württemberg-Baden, 1950

Expenses (DM)	Württemberg	Baden	Württemberg-Baden
Occupation costs / related costs	22,500,000	15,000,000	37,500,000
Repair / reconstruction	22,383,100	12,441,300	34,824,400
Dep. for Pol. Liberation, out-phasing	1,153,800	340,800	1,494,600
Department of Compensation	14,284,000	7,132,250	21,416,250
Sum of war-related expenses	60,320,900	34,914,350	95,235,250
State / district income	700,940,550	361,980,450	1,062,921,000
Share of occupation costs / related costs	3.2 %	4.1 %	3.5 %
Share of war-related expenses	8.6 %	9.6 %	9 %

Source: Gesetz Nr. 558 über die Feststellung des Staatshaushaltsplans von Württemberg-Baden für das Rechnungsjahr 1950 (Staatshaushaltsgesetz) vom 3. August 1950. Regierungsblatt der Regierung Württemberg-Baden, Nr. 15 vom 8. September 1950. 71-87.

The drop of the occupation costs/related costs in the state budget did not deem a decline in the total amount charged by the Military Government. The liability to pay these costs only shifted from nine different state governments to the federal government.

Section XXIV of the federal budget for 1950 did not differentiate between the occupation costs/related costs for each state, it cites only the total expenses for the federal budget. The budget section XXIV defined:

- a. Occupation costs as the expenditures necessary for the maintenance of the Allied forces stationed in West Germany;
- b. Mandatory expenses Class I as those expenditures to be generated as consequences of the capitulation, some may benefit the German economy;

⁴⁵⁹ Stadtarchiv Stuttgart, Bestand 14/1, Signatur 362. Haushalt der Besatzungskosten und Auftragsausgaben der Auslaufzeit für das Rechnungsjahr 1950. Einzelplan XXV. 2.

c. Mandatory expenses Class II are the expenditures, which from the outset on or from the final results may benefit the German people.⁴⁶⁰

The total sum of expenditures for the Allied forces in West Germany for the fiscal year 1950 of 4,048,558,500 DM is subdivided in the federal budget into

- a. Occupation costs at 3,263,112,200 DM,
- b. Mandatory expenses Class I of 323,830,000 DM, and
- c. Mandatory expenses Class II of 461,616,300 DM.⁴⁶¹

To give the reader an impression of the scope of services the Allies demanded, a consecutive enumeration as in the federal budget follows. The 3,263,112,200 DM occupation costs are composed of:

-Wages/salaries for people employed by the Allies	DM 1,229,690,000
-Rent for living quarters, furniture, house keeping	DM 846,327,800
-Communication services	DM 112,946,900
-Transportation services	DM 359,467,600
-Expenses for material, equipment	DM 526,379,000
-Cash payments for occupation needs	DM 180,300,900

The mandatory expenses Class I of DM 323,830,000 are composed of:

-Support for displaced persons	DM 116,816,000
-Demilitarization	DM 35,051,000
-Reparations and restitutions	DM 71,493,000
-Transfer of war victims home	DM 2,612,000
-Damage caused by Allied forces	DM 93,555,000
-Payments for requisitions made by another occupier	DM 1,800,000
-Expenses for civilian internees	DM 353,000
-Expenses for resettling caused by requisitions	DM 1,800,000

⁴⁶⁰ Stadtarchiv Stuttgart, Bestand 14/1, Signatur 362. Haushalt der Besatzungskosten und Auftragsausgaben für das Rechnungsjahr 1950, Einzelplan XXIV. 3.

⁴⁶¹ Ibid., 4.

-Loss of money	DM	50,000
-Repair of ships	DM	300,000

The mandatory expenses Class II of DM 461,616,300 are composed of

-Control organization for trade/traffic	DM	10,622,300
-Civil aviation	DM	19,953,000
-Capital for Allied construction program	DM	413,966,000
-Cultural purposes	DM	912,000
-Out-phasing of zonal structures/organizations	DM	803,000
-Expenses for prisoners of war	DM	5,518,000
-German emigration	DM	1,253,000
-German pay offices subordinated to Allies	DM	4,270,000
-Airlift Berlin	DM	4,179,000
-Research	DM	140,000 ⁴⁶²

The “Capital for Allied Construction Program” of 413,966,000 DM is the first rate of a 4-year construction program for the U.S. forces paid for by Germany. The United States Army Europe’s (USAREUR) total of the program is listed at 2,364,230,400 DM. The five major parts of the construction program are troop housing at 832,683,600 DM, dependent housing at 658,837,200 DM, storage facilities at 225,598,800 DM, community facilities at 166,765,200 DM, and medical facilities at 100,455,600 DM.⁴⁶³

The 4-year construction program for the U.S. occupation forces was only a part of a collective construction agenda for the occupation forces in West Germany. The city association of Württemberg-Baden reported on 21 February 1951 that the federal government agreed to a construction program of approximately eight billion DM for the Allied forces in Germany. The major parts of the program were first, an overhaul program for the barracks already used by the

⁴⁶² Ibid., 8-10.

⁴⁶³ Headquarters United States Army, Europe, Historical Division. *The U.S. Army Construction Program in Germany (U) 1950-1953*. 163.

Allied forces, second, new construction of barracks for the Allied forces, third, a residential housing program for the dependents of the occupation forces, fourth, an Allied housing program for displaced persons, and fifth, a housing program for German people pushed out of barracks by Allied demands. The U.S. part of the program centered around the cities of Stuttgart and Heidelberg, as well as the regions Wiesbaden-Frankfurt-Würzburg-Darmstadt and the region of Nürnberg-München.⁴⁶⁴

However, there is one more category of expenses paid by the federal government, the so-called “other consequences of war burden.” Section XXVII of the federal budget, the *Haushalt der Sonstigen Kriegsfolgelasten für das Rechnungsjahr 1950* deals with this category. The total of 150,800,000 DM is subdivided into

-The U.S. employer’s contribution to social insurances	DM	95,145,000
-Guard services, fire protection and police services	DM	2,646,000
-Sanitary services	DM	980,000
-Services related to Allied jurisdiction	DM	1,055,000
-Services of special planning commissions	DM	6,249,000
-Repair/reconstruction of traffic infrastructure etc.	DM	7,400,000
-Services related to reparation/restitution procedures	DM	2,350,000
-Services related to demilitarization procedures	DM	32,205,000
-Services related to requisitions	DM	1,970,000
-Hospital services for homeless foreigners	DM	118,000
-Food and shelter for homeless foreigners	DM	82,000
-Quarantine services for emigrants	DM	600,000

With the discharge of the state budgets the liability to pay the expenses for all germane occupation costs shifted to the federal government. To render this possible, the states had to forgo the appropriate amounts of tax revenues to the federal government. For the fiscal year 1950

⁴⁶⁴ Stadtarchiv Stuttgart, Bestand 14/1, Signatur 379.

the federal government budgeted for all occupation-related expenses comprehending the occupation costs, the mandatory expenses Class I and II, as well as the other consequences of war burden a total of 4,199,358,500 DM, the equivalent of \$ 999,847,262 based on the 1950 exchange rate of \$ 1 = 4.20 DM.⁴⁶⁵

7.6. Summary

To interpret the expenditures of Württemberg-Baden's occupation costs/related costs as well as the sums of war-related costs is difficult because of several inconstancies. First, one can assume, that the amount of 550,500,000 RM for occupation costs/related costs for the 1946 budget includes the bills for many services generated in 1945. Because of the lack of clarity of the requisitioning and billing procedures on the American and German side many claims from 1945 were brought to the *Besatzungskostenamt* in 1946 to be reimbursed. A major factor for late claims for reimbursement was the high personnel turnover caused by the reduction of U.S. forces in Germany from over three million after VE-Day to close to 188,000 at the end of 1946.⁴⁶⁶ The whopping number of 114,087 requisitioned and 4,232 confiscated properties under U.S. control on 31 July 1947⁴⁶⁷ may also explain late claims. Second, the 1949 budget one cannot count, it was the first budget based on the new currency *Deutsche Mark*. Third, the budget for fiscal year 1950 is out of line because of the acquisition of the responsibility for the payment of occupation costs/related costs by the new federal government.

⁴⁶⁵ <http://www.history.ucsb.edu/faculty/marcuse/projects/currency.htm#tables> accessed 2015-08-07.

⁴⁶⁶ Linda L. Kruger, *Logistics Matters: the Growth of Little Americas in Occupied Germany*. 163-4.

⁴⁶⁷ Headquarters United States Army, Europe, Historical Division. *The U.S. Army Construction Program in Germany (U) 1950-1953*. 2.

Table 11: Occupation costs/related costs and of war-related expenses of Württemberg-Baden for the fiscal years 1946-1950

Year	Occ. costs / related costs	Sum of war-related expenses	Share of occ. costs/related costs	Share of war-related expenses
1946	RM 550,500,000	RM 906,381,550	23.1 %	41.8 %
1947	RM 442,000,000	RM 632,478,400	28.5 %	40.7 %
1948	RM 431,000,000	RM 599,438,100	30.1 %	41.8 %
1949	DM 350,660,000	DM 557,479,900	20.4 %	32.4 %
1950	DM 37,500,000	DM 95,235,250	3.5 %	9 %

The remaining two budgets of the fiscal years 1947 and 1948 are very similar in their expenses for the occupation costs/related costs and for the sums of war-related expenses. The same result can be established by comparing their per cent fractions from the total budget. It is probable that a sum of 430 to 440 million RM for occupation costs/related costs would become normal for the state of Württemberg-Baden, during the military occupation assuming a stable political scenario among the four Allies.

Chapter 8: Policies versus realities: The U.S. financial and material support

8.1. Introduction

Viewed purely economically one can distinguish two clearly different phases of the United States occupation policies toward Germany. Revenge and punishment of defeated Germany identified the first phase, encouragement and assistance the second phase. The attitudes of the members of the Allied Control Council, especially of the Soviet Union and France, based on their different national interests, prompted the United States to replace the JCS 1067 directive with the more conciliatory one of JCS 1779.

The core elements of JCS 1067 can be reduced to “tak[ing] no steps (a) looking toward the economic rehabilitation of Germany, or (b) designed to maintain or strengthened the German economy,”⁴⁶⁸ and to “use all means at [the Germans] disposal to maximize agricultural output and to establish as rapidly as possible effective machinery for the collection and distribution of agricultural output,”⁴⁶⁹ as well as “to utilize large-landed estates and public lands... [to] increase agricultural output.”⁴⁷⁰

The directive further states that the Allied Control Council/Military Commander will control the German economy, permitting only “the production and maintenance of goods and services required to prevent starvation or... disease and unrest... No action will be taken in execution of the reparations program or otherwise which would tend to support basic living conditions in Germany or in your zone on a higher level than that existing in any one of the neighboring United Nations.”⁴⁷¹ Permitting imports into Germany “are confined to those

⁴⁶⁸ Directive of the Joint Chiefs of Staff 1067. Part II, § 16.

⁴⁶⁹ Ibid. Part II, § 27: You will require the Germans to use all means at their disposal to maximize agricultural output and to establish as rapidly as possible effective machinery for the collection and distribution of agricultural output.

⁴⁷⁰ Ibid. Part II, § 28: You will direct the German authorities to utilize large-landed estates and public lands in a manner which will facilitate the accommodation and settlement of Germans and others or increase agricultural output.

⁴⁷¹ Ibid. Part I, § 5.

unavoidably necessary to the objectives [of the occupation].”⁴⁷² German exports were to be limited to United Nation countries according to § 41 (c). Paragraph 45 (c) in Part III of the directive promulgated that there would be no established exchange rate between the *Reichsmark* and the U.S. Dollar or any other currency. Germans were prohibited from possessing and dealing in gold, silver, and foreign currency. All foreign exchange transactions were strictly outlawed.⁴⁷³

The designated industrial disarmament of Germany found its expression in the “Level of Industry Plan” of 29 March 1946. The basic assumption of the plan was a 1949 German population of 66.5 million in the four occupation zones, the treatment of postwar Germany as one economic entity, and Germany’s ability to sell the products of the permitted “light industries” on the world market to pay for the necessary imports of food and raw materials. The plan estimated German industrial production targets for the year 1949 based on the German industrial production numbers of the years 1936 and 1938, enumerating three categories: prohibited industries, unlimited industries, and industries with limited output.

However, the first phase did not last long thanks to the developing disagreements between the members of the Allied Control Council. The conflicts of interests prevented common actions in many cases. Unanimity could not be obtained in many critical questions portraying the ACC’s partial insignificance, increasing the powers of the respective military commanders in their occupation zone.

The second phase was heralded by the speech of the Secretary of State, J.F. Byrnes on 6 September 1946. In his speech at Stuttgart, he attenuated the tone toward Germany, stating “that the German people throughout Germany, under proper safeguards, should now be given the

⁴⁷² Ibid. Part II, § 41 b.

⁴⁷³ Ibid. Part III, § 49 b.

primary responsibility for the running of their own affairs... [and] to win their way back to an honorable place among the free and peace-loving nations of the world.”⁴⁷⁴

Contrary to former President Roosevelt’s intention to pull back the U.S. Forces after a short occupation of one or two years, Byrnes remarked that “as long as there is an occupation army in Germany, the American forces will be part of that occupation army.”⁴⁷⁵ His further addition “we do not want Germany to become the satellite of any power or powers or to live under a dictatorship, foreign or domestic,”⁴⁷⁶ changed the American approach toward Germany in the light of the developing contradictions between East and West. He blamed the Allied Control Council for failing to enact “the necessary steps to enable the German economy to function as an economic unit.”⁴⁷⁷ As a consequence of the failure of the Allied Control Council, he offered to the other occupation powers “to unify the economy of its own zone with any or all of the other zones willing to participate in the unification.”⁴⁷⁸ However, if the Allied Powers failed to treat Germany as an economic unit according to the Potsdam Protocol, the Secretary of State postulated, “there should be changes in the level of industry agreed upon by the Allied Control Commission [in the Level of Industry Plan of 29 March, 1946].”⁴⁷⁹

Secretary of State Byrnes’ offer of economic unification led to the creation of the U.S.-British Bi-Zone in January 1947. The French joined the Bi-Zone after the currency reform of June 1948 and before statehood of West Germany in September 1949. The creation of the Bi-Zone may have stimulated the industrial recovery. However, bureaucratic restrictions placed by the Allies on production, imports and exports, as well as the non-convertibility of the *Reichsmark*

⁴⁷⁴ Speech by J.F. Byrnes, United States Secretary of State Restatement of Policy on Germany, Stuttgart, September 6, 1946. <http://usausembassy.de/etexts/ga4-460906.htm> accessed 2015-09-13.

⁴⁷⁵ Ibid.

⁴⁷⁶ Ibid.

⁴⁷⁷ Ibid.

⁴⁷⁸ Ibid.

⁴⁷⁹ Ibid.

prevented a fundamental improvement of the immediate situation, further hampered by two extraordinarily long and cold winters of 1945/46 and 1946/47. The currency reform, bureaucratic relaxations and the prospect of Marshall Plan aid profoundly changed the economic situation of Germany.

8.2. From *Stunde Null* forward

How did the German situation look on the ground six months after the unconditional surrender? One can transcribe the general attitude of the *Reports of the Military Government for the U.S. Zone* to the other three occupation zones. The *Monthly Reports* did not whitewash the actual economic status of Germany by indicating in its report No. 4 from October 1945,

The general economic condition of Germany, however, continues unsatisfactory. The food situation, although slightly improved for the present, has even less favorable prospects for the future than previously reported. Coal production, under continued stimulation, continues to increase; but will still fall short of meeting requirements for Germany, and for exports to liberated countries. Transportation continues to be a major economic bottleneck, especially to the coal program; and industry remains at levels far below those needed to produce the really essential requirements for the German civil economy.⁴⁸⁰

The bleak picture of the general economic situation gets even worse when reporting about food and agriculture. The *Monthly Report* relentlessly recognizes,

...that the previous estimates of food production had been too high, and consequently that Germany's paramount economic problem—that of supplying its own food—is even more pressing than had been anticipated. Current measures to alleviate critical shortages of seeds, fertilizers, agricultural machinery, and skilled labor will be consummated too late for the planting of the 1946 crops; it can be anticipated that the 1946 harvest will be even less than the inadequate return of this year. ...but prospects for 1946 yields are poorer because of the lack of proper fertilizers.⁴⁸¹

⁴⁸⁰ *Monthly Report of the Military Governor U.S. Zone*, No. 4, October 1945. 8.

⁴⁸¹ *Ibid.* 9.

The *Monthly Report* of October 1945 conceded that a fully functioning German agriculture is necessary “to avoid expenses to the American Treasury.”⁴⁸² However, to avoid starvation and disease, American responsibility “requires imports of food and other items, without positive assurance that the economically weakened German nation can ever pay for them.”⁴⁸³ Could it have been a surprise for the U.S. leadership that Germany was not able to feed itself in peace, less than under the aspects of a lost war?

The attempt to quantify and qualify the official and private material and financial support the United States provided for occupied Germany is to say the least, cumbersome. For the first years of the occupation no exhaustive reports or book keeping of the amounts and value of food and other supplies delivered by the U.S. Army or other government agencies exist. The most elaborate sources for this kind of information are probably the *Monthly Reports* of the Military Governor, U.S. Zone. The series of reports start with the *Monthly Report* No. 1 of 20 August 1945, describing the activities of the Military Government in July, up to the *Monthly Report* No. 50, (Final Issue), of August/September 1949 with the inception of the statehood of the Federal Republic of Germany, ending the military occupation regime. Besides the *Monthly Reports*, more than twenty special reports were repeatedly issued, covering all aspects of the German life. However, energy, transportation, housing, food and agriculture were the critical bottlenecks of an efficient revival of the German economy, supervised and restricted by the Allied Powers.

Information about material and financial support are scattered unevenly across the single and special reports. In a laborious process the fragmented data provided in the reports was collected and put together in a puzzle game adumbrating the dimensions of the whole picture of the aid to the western occupation zones. The big picture may not be a complete one,

⁴⁸² *Monthly Report of the Military Governor U.S. Zone*, No. 4, October 1945. 9.

⁴⁸³ *Ibid.* 9.

nevertheless, it will give a realistic impression of the tasks the U.S. Military Government faced in its occupation zone to keep the Germans alive. With the same problems, perhaps different in scale, the other Military Governments dealt with in their respective occupation zones.

May to December 1945 (Reports No. 1-6)

As of 1 June 1945 the estimated combined food stocks located in the three Western occupation zones added up to 1,201,600 t.⁴⁸⁴ Of this amount 688,300 t were located in the U.S. Zone and in the French Zone. The supply of the British Zone was reported at 513,300 t. The U.S. and French food stock on 1 June comprised of 343,200 t of bread grain, 317,900 t of potatoes, 13,900 t of sugar, 1,600 t of pulses, 7,400 t of fat and oil, and 4,300 t of cheese.⁴⁸⁵ It sounds like a lot of food, however, for a population of 17,174,400 in the U.S., 22,324,600 in the British, and 5,878,400 in the French Zone on 29 October 1946, for a combined population of 45,377,400⁴⁸⁶, 1,201,600 t of food stuff will not last long, even with a reduced diet of 1,150 calories/day, varying in the U.S. Zone from 750 cal./day in Baden to 1,240 cal./day in Württemberg.⁴⁸⁷ Already in July 1945 the U.S. and British Military Governments released 20,000 t of imported wheat to increase the daily food ration for miners in the Ruhr area.⁴⁸⁸

In order to produce a 2,000 calories/day ration for the adult non-farm population, Western Germany needed “1,310,000 t of fertilizer; 70,000 t of pesticides; 406,000 t of farm

⁴⁸⁴ If not especially mentioned the *Monthly Reports* in general used metric tons, abbreviated tons or t.

1 short ton/net ton = 2,000 pounds = 0.907 metric tons = 907.18 kg

1 long ton = 2,240 pounds = 1.016 metric tons = 1,016.05 kg

1 metric ton = 1,000 kg = 1.1023 short tons = 0.984 long tons

1 pound = 453 g = 0.453 kg

⁴⁸⁵ *Monthly Report of the Military Governor U.S. Zone*, No. 1, 20 August 1945. 9.

⁴⁸⁶ Friedmann, W., *The Allied Military Government of Germany*. (London: Stevens & Sons, 1947). 352-3.

⁴⁸⁷ *Monthly Report of the Military Governor U.S. Zone*, No.1, Food and Agriculture, 20 August 1945. Table IV.

⁴⁸⁸ *Ibid.* 1.

equipment and spare parts; 16,000 tractors, 31,800 farm wagons; 35,000,000 sacks; 102,000 t of Diesel fuel, coal for food processing and use on farms 7,800,000 t⁴⁸⁹ for the 1945/46 crop year.

Based on a 2,000 calories per day ration⁴⁹⁰ for the normal customer and an estimated harvest of 992,000 t of wheat, 793,000 t of rye, 595,000 t of barley, 775,000 t of oats, and 6,381,000 t of potatoes in the U.S. Zone,⁴⁹¹ the Military Government calculated a need to import approximately four million tons of bread grain equivalents to feed the German population of the three western zones during the crop year 1945/46 (1 October 1945–30 September 1946). The official Washington policy of “Germany feeding itself” did not last long. Less than three months after the German capitulation, the United States had to concede that large food imports were needed to prevent mass malnutrition and starvation. In August, the deviations from the official 1,550 cal./day ration were considerable ranging from 640 calories in the city of Pforzheim to 1,100 calories in Bavaria.⁴⁹² For the time span from June to September 653,676 t (643,350 long tons) of foodstuff were imported to Western Germany to feed the indigenous population. The U.S. Zone received 232,946 t (229,266 long tons), whereas the British Zone obtained 303,810 t (299,011 long tons). A special allocation of 10,567 t (10,400 long tons) went to the Saarland⁴⁹³ in the French Zone.

As in other occupation zones, the economic situation in the U.S. Zone did not improve as expected. The 1945 grain harvest in the U.S. Zone realized only 2,326,000 t, twenty six per cent less than estimated, and seventeen per cent less than the six-year average 1939-44.⁴⁹⁴ Wheat imports from the United States increased to nearly 701,075 t (690,000 long tons) in September.

⁴⁸⁹ Ibid. 2.

⁴⁹⁰ A 2,000 calorie ration was recommended by health services, 1,550 calories was the official guideline for the U.S. Zone. However, even the 1,550 calories could not be provided most of the time.

⁴⁹¹ *Monthly Report of the Military Governor U.S. Zone*, No. 2, Food and Agriculture, 20 September 1945. 3.

⁴⁹² Ibid. 5-6.

⁴⁹³ Ibid. 4.

⁴⁹⁴ Ibid. 7.

The *Monthly Report* for September noted the food scarcities in the U.S. Zone, stating a discrepancy from the official ration of 1,550 cal./day of 200-520 cal./day for adults and 700-1,000 cal./day for children older than ten years.⁴⁹⁵

U.S.-imported flour would complement the German diet in the U.S. Zone during November and December to keep the 1,345 cal./day approved for the 81st ration period. Indigenous food supply and imported food could not support the official 1,550 calorie ration. “That no coal is allocated for heating of German homes [during winter] in our zone”⁴⁹⁶ forced the cities to organize mass feeding programs for large parts of their population.

The *Monthly Report* for December 1945 did not encourage hope of betterment. The report estimated a requirement of food imports of 1,147,690 t, including 980,200 t of bread grain to keep the normal customer ration up to 1,550 cal./day until 30 September 1946.⁴⁹⁷

According to the *Monthly Report* on Food and Agriculture for August, from 1 June to 12 August 1945, 528,279 t of wheat arrived in Germany. For the time span June through September the report mentioned 653,676 t (643,350 long tons), whereas the *Monthly Report* for September claims 701,075 t (690,000 long tons)⁴⁹⁸ imported. H.G. Schmidt in his *Food and Agricultural Programs in West Germany 1949-1951* recounts the release by the U.S. Army of 630,000 t of wheat in summer 1945 to bridge the food gap to the harvest. Further, he mentions the “issue of flour, wheat, and other foodstuffs... from Army surplus stocks,”⁴⁹⁹ without referring to a distinct amount. Friedrich Jerchow reported in *Deutschland in der Weltwirtschaft 1944-1947*, the import of 399,000 t of wheat and 262,000 t of flour into the British Zone and of 60,000 t of wheat and

⁴⁹⁵ *Monthly Report of the Military Governor U.S. Zone*, No.3, 20 October 1945. 19.

⁴⁹⁶ *Ibid.* 10.

⁴⁹⁷ *Monthly Report of the Military Governor U.S. Zone*, No. 6, 20 January 1946. 6.

⁴⁹⁸ *Monthly Report of the Military Governor U.S. Zone*, No. 3, 20 October 1945. 8.

⁴⁹⁹ Hubert G. Schmidt, H.J. Hille, *Food and Agricultural Programs in West Germany 1949-1951*. (Office of the U.S. High Commissioner for Germany, Historical Division, 1952). 3.

221,000 t of flour into the U.S. Zone from SHAEF stocks between June and December 1945,⁵⁰⁰ a total of 942,000 t of foodstuffs. The *Monthly Reports* of October through December do not mention continuing foodstuffs imports. None of the sources added a monetary value in dollar numbers to the imports of food into Germany. However, the food imports allowed the Military Government to increase the food rations. The actual issued rations to the residents of Stuttgart, par example, increased from 1,137 cal./day in September for the normal customer to 1,426 cal./day in October, to 1,652 cal./day in November, and to 1,752 cal./day in December 1945.⁵⁰¹ The amounts of food imported ranged from 528,299 t over 701,075 t to 942,000 t for 1945, according to different sources. The *Monthly Report* of December 1948 gives in “Summary Value of Exports and Imports Bizonal Area, 1945-1948” an account of \$96 million for all imports without any differentiation.⁵⁰² Conceding the Germans received 942,000 t of food aid in 1945, a price tag of \$101.91 should be attached to a ton of imported food.

8.3. 1946, the second year of occupation

January 1946 (Report No. 7)

The year did not begin on a promising note for an economic revival. The output of the 4,700 operating industrial plants in the U.S. Zone improved a bit, however, output did not meet the low targets set by Military Government. The production of agricultural machinery and equipment stayed at the December level with 1,500 t and 500 t of spare parts, ten per cent of demand.⁵⁰³ German fertilizer plants in the U.S. Zone “are only capable of satisfying total

⁵⁰⁰ Friedrich Jerchow, *Deutschland in der Weltwirtschaft 1944-1947*. 149.

⁵⁰¹ Stadtarchiv Stuttgart, Bestand 21/1, Signatur 9, Anlage 48, Ernährungsamt.

⁵⁰² *Monthly Report of the Military Governor U.S. Zone*, No. 42, 1-31 December 1948. 94.

⁵⁰³ Ibid. 6-7.

fertilizer requirements for the oilseeds, sugar beet, and vegetable crops, and for about 35 per cent of the potatoes crop to be grown in 1946.”⁵⁰⁴

To mitigate seed shortages the U.S. War Department provided \$2,100,000 for seed purchases. For \$1,000,000 400 t of vegetable seeds were bought. For the first time in January 1946 the U.S. Zone exported 1,500 t of hops to the United States and Belgium at a value of \$3,750,000.⁵⁰⁵

February 1946 (Report No. 8)

In 1945, the food imports were only listed quantitatively. The *Monthly Report* for February 1946 listed for the first time the dollar value of import commitments for Germany since August 1945. The dollar value of all food imports since the start of the occupation, including food from Army stocks, was recorded at \$43 million in the graphic of the February report. This price cannot be correct. The author either had partial or incorrect information. A \$43 million price for 701,075 t (690,000 long tons),⁵⁰⁶ meant that a ton would be priced at \$63.33, less than half of the price of \$136.93 per ton the *Monthly Report* of December 1948 calculated. Further the graphic listed imports of raw cotton at \$5,000,000, POL (Petroleum, Oil, Lubricants) products at \$1,400,000, and other imports not specified at \$1,800,000. The total sum of imports added up to \$51,200,000. German exports from the U.S. Zone accumulated to \$4,500,000, barely nine per cent of the imports.⁵⁰⁷⁵⁰⁸

Industrial plants producing in the U.S. Zone increased to 5,500, of which roughly the half were engaged in the production of consumer goods.⁵⁰⁹ Consumer good production was affected

⁵⁰⁴ Ibid. 16.

⁵⁰⁵ Ibid.

⁵⁰⁶ *Monthly Report of the Military Governor U.S. Zone*, No. 3, 20 October 1945. 8.

⁵⁰⁷ *Monthly Report of the Military Governor U.S. Zone*, No.8, 20 March 1946. 27.

⁵⁰⁸ *Status Report on Military Government of Germany, Office of Military Government for Germany (U.S.)*, 15 March 1946. 33.

⁵⁰⁹ Ibid. 45.

by the shortage of raw materials, “particularly sheet metal, seasoned wood, raw textiles, processing chemicals and coal.”⁵¹⁰

In February, the Allied Control Council approved tax increases to boost the revenues of the *Länder* and to siphon off purchasing power caused by the ballooned amount of money in circulation.⁵¹¹

March 1946 (Report No. 9)

In March the industrial production of the U.S. Zone increased to twenty per cent of the existing capacity.⁵¹² The zone industries “are hampered [in their production] by basic shortages of [hard] coal and steel.”⁵¹³ The coal and steel deficits limited the production of the U.S. Zone in “chemicals to 25 percent of capacity, building materials to 20 percent, steel products to 14 percent and ceramics to 5 percent.”⁵¹⁴

The shoe production rose to 1,800,000 pairs of shoes of all sizes and types in the first quarter. This gain was adequate to provide every person in the zone with a pair of shoes every second year.⁵¹⁵ The report did not mention how many shoes produced had wood soles. Sneaking around quietly was difficult, as one could hear us kids from far away wearing these wooden sole shoes!

The U.S. Military Government signed an export contract for building lumber for Great Britain with a face value of \$14,300,000 on 2 April 1946. Prior to the war, Germany had been a timber importing country. This contract, the *Monthly Report* states, will deplete German timber

⁵¹⁰ Ibid. 47.

⁵¹¹ Ibid. 49.

⁵¹² *Monthly Report of the Military Governor U.S. Zone*, No. 9, 20 April 1946. 5.

⁵¹³ Ibid.

⁵¹⁴ Ibid.

⁵¹⁵ Ibid. 8.

resources to an extent to “be replaced only by long term forestry development over perhaps a century.”⁵¹⁶

The timber contract with Great Britain increased the export volume of the U.S. Zone to \$19,800,000. Compared with the \$58,200,000 of imports and import commitments to that time of the occupation the export value was barely a third of the imports. “Food has constituted 82 percent of the estimated \$58,200,000 imports and import commitments including deliveries from Army stocks.”⁵¹⁷ Eighty two per cent of \$58,200,000 implies that the United States so far spent \$47,700,000 on food for Germany. That was an increase of \$4,700,000 above the \$43,000,000 accounted for in February. Based on a price of \$136.93 per ton⁵¹⁸ the \$4,700,000 accounted for an additional 34,324 t of food to be imported during March/April, increasing the food imports to a total of 735,399 t at a value of \$47,700,000.⁵¹⁹

April 1946 (Report No. 10)

To keep the daily ration of 1,550 calories for the normal customer, the United States calculated shipping 495,000 t of food from 1 April to 30 September 1946. The food supplies on hand and en route to Germany, as well as the food produced by German farmers of the U.S. Zone would guarantee only a daily ration of 915 calories. However, the worldwide shortage of bread grain forced the United States to cut the 495,000 t commitments to three shipments of 50,000 t per month for April, May, and June. The depleted food supply coerced the Military Government to reduce the daily ration to 1,275 calories⁵²⁰ in April and then to 1,180 calories on 27 May.⁵²¹ The data of the Stuttgart food office mirrored the escalating scarcity of food. From a 1,619

⁵¹⁶ Ibid. 12.

⁵¹⁷ Ibid.

⁵¹⁸ Calculation is based on 701,075 t and \$96 million import sum from *Monthly Report* No. 42. 94.

⁵¹⁹ Ibid.

⁵²⁰ Ibid. 14-15.

⁵²¹ *Monthly Report of the Military Governor U.S. Zone*, No. 10, 20 May 1946. 14.

calories diet in March, the caloric value of the furnished food went down to 1,277 calories in April, to 1,270 calories in May, and 1,207 calories in June. The 90th ration period, covering most of the month of July saw a little upswing to 1,318 calories. From the low of 1,251 calories during the 91st ration period and 1,215 calories of the 92nd ration period, the caloric value soared over 1,278 calories to 1,635 calories by the end of 1946.⁵²²

The April 1946 report highlights the difficulties to account for exact numbers, may it be the imported food tonnage and its dollar value, or the exact export numbers and value.

According to this report, up to 30 April 1946, 500,000 t of food supply were imported primarily for the Germans living in the U.S. Zone.⁵²³ Report No. 3 for September 1945 accounted already for the delivery of 701,075 t (690,000 long tons) of foodstuffs. Also, the previously calculated number of a total of 775,289 t of foodstuffs does not fit with the numbers of Report No. 10. It is not apparent if the 500,000 t of food supply mentioned in Report No. 10 included the supplies from Army stocks given to the Germans. Have different departments provided data without previous adjustments? Or can the discrepancies be explained by the remark of Report No. 10, that the amount of 500,000 t “does not include quantitative receipts issued for exports in the early day of occupation?”⁵²⁴

The same confusion appears when looking at the monetary value of imports and exports. Can the expression “incomplete preliminary estimates”⁵²⁵ of *Monthly Report* for April 1946 explain the differences between the numbers presented in *Monthly Report* for March 1946? The dollar numbers mentioned in Report No. 10 were unsatisfactory. From Report No. 9 to the next Report the import volume rose from \$58,200,000 to amazingly high import and import

⁵²² Stadtarchiv Stuttgart, Bestand 21/1, Signatur 9, Anlage 48, Ernährungsamt.

⁵²³ Ibid. 12.

⁵²⁴ Ibid. 12.

⁵²⁵ Ibid.

commitments of \$100,000,000 without explaining the growth. The export and export commitments Report No. 10 listed at \$7,500,000, when the March report already added up exports and export commitments to \$19,800,000.⁵²⁶ The differences in tons and dollars mentioned above describe the difficulties in establishing an accurate calculation of the support Germany, and especially the U.S. Zone received during the military occupation from the United States.

May 1946 (Report No. 11)

The results of the local elections may have surprised the Military Government. For sure the results contradicted the statement that “to date there is little evidence to indicate that most Germans have yet acquired a basic understanding of democracy.”⁵²⁷ The May report recognized that voter “participation was high in all areas and in fact was higher than in most democratic nations... [and accounted for] the high democratic spirit.”⁵²⁸ However, it was premature to assume a basic understanding of democracy by the Germans living on a diet of less than 1,500 calories per day.

The cuts in the food rations of 1 April and 27 May to 1,275 cal./day, respectively to 1,180 cal./day affected not only the health of the people but also the economy. “Industrial workers cannot produce on a starvation diet,”⁵²⁹ a simple truth, forced the authorities to find solutions. For the intended increase of the agricultural production sufficient seeds, fertilizers, agricultural machinery and equipment, as well as labor had to be provided.

⁵²⁶ Ibid. 12.

⁵²⁷ *Monthly Report of the Military Governor U.S. Zone*, No. 8. 20 March 1946. 41.

⁵²⁸ Ibid.

⁵²⁹ *Monthly Report of the Military Governor U.S. Zone*, No. 11, 20 June 1946. 5.

Through May 1946, the United States delivered 563,000 t of foodstuffs⁵³⁰ for the German food ration, of which 45,000 t were imported during May from the United States and 15,700 t were released from Army stocks. The amount of 563,000 t seemed to match very close the April amount of 500,000 t plus the 45,000 t imported from the United States during May and the 15,700 t released from Army stocks at the same time. 42,000 t of fish were contracted from Denmark and Norway to be delivered between 1 June and 31 October.⁵³¹ With all the actions initiated, the outlook for June got better, even better – with the outlook to the planned arrival of 36,000 t of wheat and flour and 29,000 t of corn. In addition, 35,000 t of canned vegetables were scheduled to arrive in June, as well as the remnants of the 150,000 t of bread grain agreed upon in April. The sale of cattle to the Soviet Zone provided 7,000 t of sugar and 5,000 t of molasses.⁵³²

Two conditions handicapped the light upswing of the economy during May and further progress: “(1) a low level of interzonal trade in the face of the heavy U.S. Zone dependence on the remaining three zones for raw material such as coal, oil, steel, buna [synthetic rubber] and crude coal tar; and (2) inability of the current low production rate to stay abreast of continuing wear and tear of machinery, rolling stock and automotive equipment—to say nothing of compensating for the wartime damage to, and destruction of manufacturing and transportation facilities,”⁵³³ a short but comprehensive analysis of the general economic situation of occupied Germany and of the U.S. Zone especially. For the first time, the *Monthly Report* of June cited as an additional impediment for economic revival, “the need for some kind of financial reform to reduce excessive purchasing power and to consolidate Germany’s vast [war induced] internal

⁵³⁰ Ibid. 14.

⁵³¹ Ibid. 15.

⁵³² Ibid.

⁵³³ Ibid. 8.

debt.”⁵³⁴ Germany’s economic and food situation remained precarious after twelve months of occupation.

June 1946 (Report No. 12)

Industrial production increased slightly in the U.S. Zone in June to twenty nine per cent of capacity, but too little to close the gap between demand and supply. The U.S. offered the Allied Control Council to “enter into administrative agreements with any or all of the other occupying powers in the fields of finance, transport, communications, industry and foreign trade for the purpose of effecting a united economic policy with the Zones which would desire it.”⁵³⁵ However, it took six months from the offer to the creation of the Bi-Zone, the joint British-American occupation zone, on 1 January 1947.

Meanwhile the food situation in the U.S. Zone improved somewhat due to the import of 166,632 t (164,000 long tons) foodstuffs. The imports “included the unfilled portions of earlier allocations as well as the June quota.”⁵³⁶ Based on this kind of information there is no way to calculate accurate and exact numbers of quantities of food supplied to the German population of the U.S. Zone. E.F. Ziemke in *The U.S. Army in the Occupation of Germany, 1944-1946*, mentions a dollar value of all food imports from the United States from August 1945 to 30 June 1946 of \$242,285,000, without reporting quantities.⁵³⁷ The June imports, nevertheless, improved the food situation enabling the authorities to raise the caloric value of the daily ration from 1,180 calories to 1,225 calories. That amount was far ahead of the British ration of 1,050 calories and of the French ration of 1,014 calories.⁵³⁸ The undernourishment of children prompted a supplemental feeding program. In Hessen, seventy per cent of children and in Württemberg-

⁵³⁴ Ibid. 7.

⁵³⁵ *Monthly Report of the Military Governor U.S. Zone*, No. 12, 20 July 1946. 5.

⁵³⁶ Ibid. 10.

⁵³⁷ E.F. Ziemke, *The U.S. Army in the occupation of Germany, 1944-1946*. 434.

⁵³⁸ *Monthly Report of the Military Governor U.S. Zone*, No. 12, 20 July 1946. 10.

Baden, seventy eight per cent of children were underfed.⁵³⁹ Started in June the program provided a meal of additional 400 calories per day for 82,000 children⁵⁴⁰ between the age of six and fourteen years.

The tense food situation caused many people to replenish their meager diet through theft and on the Black Market. Marauding crops from the fields became widespread,⁵⁴¹ despite July imports of 167,648 t (165,000 long tons) of food from the United States and 16,896 t of fish from Norway, Denmark, and Sweden.⁵⁴²

July 1946 (Report No. 13)

Availability of sufficient coal and steel met “the demands of certain high-priority programs such as the manufacture of agricultural equipment, the processing of food and the rehabilitation of transport.”⁵⁴³ The gains in productivity in some fields were compensated by losses in others. “Production of plaster fell 32 percent during the month, [and] truck production dropped 31 percent,”⁵⁴⁴ leaving the total July production at twenty nine per cent of capacity like in the preceding month.

According to the *Monthly Report* of July 1946, Bavaria, Hessen, and Württemberg-Baden calculated for their budgets with revenues of RM6,236,000,000 for the fiscal year 1946 (1 April 1946-31 March 1947). From this total, the *Länder* expected expenditures of RM1,413,000,000 for occupation costs (twenty three per cent of the total) and RM770,000,000 for refugee camps (twelve per cent of the total).⁵⁴⁵ Welfare recipients received RM27,134,383 in aid in July 1946

⁵³⁹ Ibid. 17.

⁵⁴⁰ *Monthly Report of the Military Governor U.S. Zone*, No. 13, 20 August 1946. 17.

⁵⁴¹ Ibid. 3.

⁵⁴² Ibid. 11.

⁵⁴³ Ibid. 4.

⁵⁴⁴ Ibid. 5.

⁵⁴⁵ Ibid. 7.

in all U.S.-controlled areas.⁵⁴⁶ Calculating precautionous with an average of RM20,000,000 per month without Bremen and Berlin, the total added up to RM250,000,000 for 1946, four per cent of the revenues expected for fiscal year 1946. Occupation costs, costs for refugee camps, and welfare expenses accumulated to RM2,433,000,000, equal to thirty nine per cent of the budget total. Occupation costs for the first quarter of the fiscal year 1946 amassed to RM253,000,000 in the U.S. Zone, compared with the occupation costs of the fourth quarter of fiscal year 1945 of RM245,000,000.⁵⁴⁷ How the author of the July report concluded a RM22,000,000 increase from RM 245,000,000 of the IV. Quarter 1945 to RM253,000,000 for the I. Quarter 1946 is a secret not to be solved.

A compelling chapter of the generosity and helpfulness of the American people opened up by the permission to send relief packages to Europe and occupied Germany. In June American Relief Organizations started to ship needed supplies. The first shipments of relief supplies arrived in Germany in July. The Council of Relief Agencies Licensed for Operation in Germany (CRALOG) provided 6,228 t of relief supply in July, most of it foodstuffs. The Cooperative for American Remittances to Europe (CARE) shipped 36,000 packages of supplies in July. Military Government expected 100,000 relief packages in early August 1946.⁵⁴⁸

August 1946 (Report No. 14)

August witnessed an increased industrial production of five per cent,⁵⁴⁹ however, handicaps still existed. Firms of farm machinery had no reserve stocks of raw material “which are so scarce in the U.S. Zone that manufacturers have resorted to making end-products such as

⁵⁴⁶ Ibid. 17.

⁵⁴⁷ *Monthly Report of the Military Governor U.S. Zone*, No. 11, 20 June 1946. 11.

⁵⁴⁸ *Monthly Report of the Military Governor U.S. Zone*, No. 13, 20 August 1946. 17.

⁵⁴⁹ *Monthly Report of the Military Governor U.S. Zone*, No. 14, 20 September 1946. 6.

hand tools, building trims, and toys out of steel shells.”⁵⁵⁰ Estimates of the 1946 crop production in the U.S. Zone were less than expected, not exceeding the 1945 harvest, and being twenty to twenty-five per cent below the 1939 to 1944 average. Bread grain and sugar beet yields would be larger than 1945, whereas oilseed crops would not exceed fifty per cent of 1945.⁵⁵¹ Food imports from the United States constituted 22,861 t (22,500 long tons), an amount much smaller than in previous months.⁵⁵²

The value of the imports of twelve months, August 1945 to August 1946, accounted for \$160,000,000. Of this total sixty six per cent were food imports, valued at \$105,600,000. The food imports did not include, according to Report No. 14, canned goods, dehydrated potatoes and other special food. Seeds were imported for \$12,800,000, whereas the Germans should pay for “unserviceable but repairable Army trucks and trailers”⁵⁵³ more than \$11,000,000. The import of chemicals, POL, cotton, fish, sulphate pulp, hemp fibre, clothing and shoes, and medical supplies amounted to \$30,400,000.⁵⁵⁴ Although no costs accrued against Germany, CRALOG had provided so far 11,327 t of food and 3,591 t of clothing for the U.S. Zone. 160,445 CARE packages arrived in Bremen, ready for distribution in Bremen, the western sectors of Berlin, and in the U.S. Zone.⁵⁵⁵

To increase the dollar amount available to Germany to pay for imports, freight transient charges across Germany had to be paid in dollars. A fixed exchange rate of thirty cents per *Reichsmark* was established. The zone of exit of the transport determined the collecting Military Government. The proceeds would be split according to their share.⁵⁵⁶

⁵⁵⁰ Ibid. 7.

⁵⁵¹ Ibid. 16.

⁵⁵² Ibid. 13.

⁵⁵³ Ibid. 12.

⁵⁵⁴ Ibid.

⁵⁵⁵ Ibid. 23.

⁵⁵⁶ Ibid. 12.

Starting in August 1946, the Military Government had to report all major expenses for, and caused by Military Government. “The principal categories of expenses [to be reported] consists of pay and incidental expenses for the entire staff of OMGUS, both military and civilians, displaced persons and civilian internees.”⁵⁵⁷ Because of the many agencies involved, Military Government at this time could only provide “quantitative figures on acquisition and disposition,”⁵⁵⁸ – a monetary value Military Government was unable to submit at the time.

According to the chart, Military Government issued to German civilians the following items without adding a dollar value: 1,283,865 t of grain, food and similar products; 59,219 t of agricultural supplies and fertilizer; 118,855 t of petroleum and petroleum products; 12 complete hospitals and related supplies; 8,500 vehicles and trailers; and 9,418 t of textiles.⁵⁵⁹ Adding up the tonnage of food imports listed in previous reports, it is impossible to calculate a food import of 1,283,865 t stated in the chart on page 27 of the *Monthly Report* No. 14, August 1946.

U.S. civilians and Allied nationals employed by the Military Government earned wages and salaries of \$5,138,000. The military persons on duty in Military Government received \$23,349,000 in salaries. These numbers are presumably the amounts paid from the beginning of the occupation.⁵⁶⁰

September 1946 (Report No. 15)

Economic activities continued to increase during September, however at a modest rate of growth. September was, according to report No. 15, a time of “wait and see” concerning industrial production. With stockpiles considerably more depleted “and with no immediate prospect of overcoming the handicap of obsolete machinery and irregular supplies of raw

⁵⁵⁷ Ibid. 27.

⁵⁵⁸ Ibid.

⁵⁵⁹ Ibid.

⁵⁶⁰ Ibid.

material and fuel, September production suggests that the uninterrupted expansion of industrial production in the U.S. Zone has definitely tapered off.”⁵⁶¹ To increase the jewelry production Military Government loaned twenty tons of silver bullion to the jewelry industry of the U.S. Zone.⁵⁶²

Exports during August, September totaled \$1,200,000. Formerly, Germany was a high-tech exporter, now seventy five per cent of the exports of August, September were raw materials like salt, cement, bauxite and soda ash. The rest were semi-fabricates and finished products.⁵⁶³ Raw cotton totaling 25,000 t, one half of a 50,000 ton contract, arrived at Bremen from the United States. The import was a so-called self-liquidating import program, by which the raw cotton was paid for by the higher valued finished products.⁵⁶⁴

The food situation as reported in September (Report No. 15) was confusing. During the month roughly 50,000 t of food were imported into the U.S. Zone.⁵⁶⁵ The same paragraph stated “about 940,000 t of imported food have been provided for German civilians in U.S.-occupied areas from VE-Day through 30 September 1946.”⁵⁶⁶ A side remark explained that the 940,000 t were “based on known shipments, and is not yet fully documented to show receipt by Germans.”⁵⁶⁷ How did Military Government manage to account for the 1,283,865 t of food imports listed in the chart of the August report?⁵⁶⁸

The chart in report No. 15 itemized 926,519 t of food. Disregarding the food question, the chart in report No. 15 gave detailed information about all kinds of supply the United States

⁵⁶¹ *Monthly Report of the Military Governor U.S. Zone*, No. 15, 1-30 September 1946. 5.

⁵⁶² *Ibid.* 8.

⁵⁶³ *Ibid.* 9. W. Boelke, in *Die Kosten von Hitlers Krieg*, mentions that in the first quarter of 1947, the exports of the Bizone consisted to 56 % of its dollar value of coal and 13 % of timber. 184.

⁵⁶⁴ *Ibid.*

⁵⁶⁵ *Ibid.* 10.

⁵⁶⁶ *Ibid.*

⁵⁶⁷ *Ibid.*

⁵⁶⁸ *Monthly Report of the Military Governor U.S. Zone*, No. 14, 20 September 1946. 27.

provided: from 92,186 pieces of clothing to 9,569 t of raw cotton, from twelve hospitals to 1,026,569 vials of vaccine, to 294,422 t of petroleum and petroleum products, from 45,575 t of fertilizer, 3,106 t of binder twine, and 22,085 bales of burlap to 14,721 t of grain seeds, from 1,106,333 grain sacks to 25,183 trucks, trailers, spare parts, and miscellaneous commodities not listed here.⁵⁶⁹ Additionally, the chart listed food and items issued to displaced persons and civilian internees, increasing the amount of support the United States provided.

Expenses for military and civilian employees of the Military Government added up to \$24,405,600 for the military members and \$6,235,000 for the civilians. Based on the assumption that the wages and salaries were added up every month, the United States spent in September on U.S. civilians and Allied nationals employed by the Military Government \$1,097,000, as well as \$1,056,600 for the military employees.⁵⁷⁰

October 1946 (Report No. 16)

To provide heating fuel for the Germans during the approaching winter, miners of the western zones agreed to work on Sundays. The Sunday work yielded 28,000 t of hard coal and 147,200 t of brown coal.⁵⁷¹ Industrial production did not change much in October. The furniture industry grew moderately due to the demand of the Military Government for furniture for the arriving family members, taking over three quarters of the production.⁵⁷²

The demand for transporting coal and crops increased from 206,000 t per day in September to 237,000 t per day in October/November, putting enormous strain on the *Reichsbahn*. The inadequate railway and road transport capacity prompted Military Government to allow the U.S. Army to “offer the use of 30 organized truck companies to supplement German

⁵⁶⁹ *Monthly Report of the Military Governor U.S. Zone*, No. 15, 1-30 September 1946. 23.

⁵⁷⁰ *Ibid.* 22.

⁵⁷¹ *Monthly Report of the Military Governor U.S. Zone*, No. 16, 1-31 October 1946. 9.

⁵⁷² *Ibid.* 10.

rail transport and up to 20 percent of unit organizational vehicles to supplement German highway transport,⁵⁷³ to haul harvest and wood for space heating.

Occupation costs for the first quarter of 1946 summed up to RM231,000,000, during the second quarter they rose to RM252,000,000, and the third quarter presented a bill of RM 313,000,000. Besides the costs caused by the arriving family members, the transfer of the salaries of the Polish Guard units to be paid by occupation costs caused the strong increase of the third quarter.⁵⁷⁴

October exports amounted to \$2,217,000, “the bulk of the sales consist[ing] of semi-fabricats or finished products,”⁵⁷⁵ resembling more the prewar exports of Germany. October food imports from the United States for German civilians totaled 51,000 t.⁵⁷⁶ The amount of food, according to Report No. 16, imported from the United States and released from Army and Theater stocks from VE-Day to October 1946 amounted to 80,000 t, based on known shipments and receipts from German authorities,⁵⁷⁷ an incredibly low number. 800,000 t would be more credible, as Report No. 3, for September 1945, already noted 701,075 t (690,000 long tons) on page 8. In addition, 40,000 t of fish were imported from other countries. To feed the Germans on a 1,550 cal./day diet through 30 June 1947, additional imports of 1,108,000 t of food were needed.

Once again the confusion starts. The 80,000 t of October food imports may be a typing error. However, even 800,000 t contradicted the 940,000 t of imported food reported in September.⁵⁷⁸ The chart “U.S. Supplies Furnished by Military Government” for October

⁵⁷³ Ibid. 18.

⁵⁷⁴ Ibid.

⁵⁷⁵ Ibid. 14.

⁵⁷⁶ Ibid.

⁵⁷⁷ Ibid. 16-17.

⁵⁷⁸ *Monthly Report of the Military Governor U.S. Zone*, 1-30 September 1946. 10.

reported 952,772 t of food issued to German civilians in U.S.-occupied areas, 26,253 t more than the September chart showed. The 26,253 t difference to the September chart questions the 51,000 t of food imports cited on page 16 of the October Report. It seems the reporting and book keeping of the respective agencies, U.S. or German, did not play from the same sheet of music.

The chart of the October Report described further increases of supplies for Germany: for example, the 16,927 t of petroleum and petroleum products, and minor increases in binder twine and truck/trailer repair parts.⁵⁷⁹

Expenses for civilian and military employees of Military Government rose to \$7,318,800 for civilians, and to \$25,428,600 for the military members in October.⁵⁸⁰ U.S. civilians and Allied national earned \$2,180,800 in October, whereas the military personnel earned \$2,079,600, paid by Uncle Sam.

November 1946 (Report No. 17)

During November, the industrial production stayed at forty four per cent of the 1936 production numbers, the level of October. Increases and declines balanced themselves.⁵⁸¹ However, the export of businesses of the U.S. Zone added up to \$3,300,000, “the largest two-month total since March-April.”⁵⁸² The exports tended toward the prewar German export composition for high-end products; more than half of the exports were finished products, dwarfing the export of raw materials.⁵⁸³

Continuing support with Army trucks backed the transport of perishable harvest to storing/processing facilities⁵⁸⁴. The critical condition of the German road transportation

⁵⁷⁹ *Monthly Report of the Military Governor U.S. Zone*, No. 16, 1-31 October 1946. 34.

⁵⁸⁰ *Ibid.* 32.

⁵⁸¹ *Monthly Report of the Military Governor U.S. Zone*, No. 17, 1-30 November 1946. 5.

⁵⁸² *Ibid.* 8.

⁵⁸³ *Ibid.*

⁵⁸⁴ *Ibid.* 12.

demonstrated the number of 68,755 passenger cars and of 68,294 cargo trucks of all kind in service, while 33,160 passenger cars and 11,371 trucks were waiting for major repairs.⁵⁸⁵ These cars had to serve a population of more than seventeen million people with their demands. As of 1 December only thirty seven per cent of the estimated amount of fuel wood for space heating was delivered.⁵⁸⁶

CRALOG supplies for the U.S. Zone in November added up to 469 t of food, 96 t of clothing, 33 t of soap, and 4.5 t of medical supplies. 93,822 CARE packages arrived in November in the U.S. Zone. The International Red Cross, acting as agent enabled the delivery of 307 t of goods, valued at \$750,000 to the U.S. Zone.⁵⁸⁷

The bill for goods and services demanded by the occupying authorities added up to RM102,700,000 in October.⁵⁸⁸

According to the chart, “U.S. Supplies Furnished by Military Government” on page 26 of *Monthly Report* No. 17, food issued to Germans amounted to 1,000,258 t, compared with the October number of 47,486 t of food and 31,704 Army rations issued in November.⁵⁸⁹

A slight improvement of the food situation, the start of working of bi-zonal agencies, a constant industrial production level, the import of 47,486 t of food and occupation costs of RM 102,700,000 for October characterize the month of November 1946.

December 1946 (Report No. 18)

How did the future looked like for the German people in the U.S. Zone after more than eighteen months of occupation? The *Monthly Report* No. 18 covered December, the last month of 1946. The economic fusion of the American and British Zones started, effective 1 January

⁵⁸⁵ Ibid.

⁵⁸⁶ Ibid. 11.

⁵⁸⁷ Ibid. 22.

⁵⁸⁸ Ibid. 8.

⁵⁸⁹ Ibid. 26.

1947. The fusion “provides for a pooling of the indigenous resources of the area and imports into the area, stipulating that the two Governments will become equally responsible for the costs of these imports after 31 December 1946.”⁵⁹⁰ A Joint Import-Export Agency (JEIA) would be responsible for foreign trade relations and the removal of internal bureaucratic trade barriers. The Bi-Zone agreement stipulated that proceeds from German exports will only be used to buy and import raw materials “to maintain and increase production of exportable goods.”⁵⁹¹ Food imports under the “disease and unrest” clause of the JCS 1067 will “be financed primarily, though in decreasing amounts, from appropriated funds.”⁵⁹²

The industrial production fell from forty four per cent in November to thirty nine per cent of the 1936 average. During the first three weeks of the month production was kept at the November level. However, the cold period of the last part of December forced many plants to close. “As a result [of the cold and holidays] most manufacturing activity in the U.S. Zone was at a standstill in the final week of December.”⁵⁹³

In December, German exports, valued at \$1,712,381, made a turn-around from semi- and finished products to raw materials, with hops leading the list at \$1,118,409, followed by industrial salt at \$432,000, and pencil clay at \$11,800. Finished/high-end products were sold at a value of \$112,695, only seven per cent of the total exports.

The financial situation of the three *Länder* proved to be very good after eight months of the fiscal year 1946 had passed. Revenues of RM3,876,000,000 exceeded expenses by RM1,648,000,000. German authorities paid, since the start of the occupation through November

⁵⁹⁰ *Monthly Report of the Military Governor U.S. Zone*, No. 18, 1-31 December 1946. 1.

⁵⁹¹ *Ibid.* 13.

⁵⁹² *Ibid.*

⁵⁹³ *Ibid.* 7.

1946 RM1,262,400,000 for occupation costs, for goods and services provided to the occupier.⁵⁹⁴

During December 112,000 t of bread grain were imported into the U.S. Zone, an amount never reached before. The forecast for January 1947 expected even more imports, calling for 438,000 t of bread grains and flour.⁵⁹⁵ The December report detailed the direct imports of food (including food for displaced persons), of fish, and of POL at \$24,366,000. “Cumulative imports and import purchases from 1 August 1945 to 31 December 1946, including deliveries from U.S. Army stocks, accounted to \$395,461,000.”⁵⁹⁶ The import figures are not complete, final figures may be much higher, the report states. Starting in December 1946 the food and supplies for displaced persons were made “chargeable to the German economy and are ultimately to be repaid out of the proceeds of German exports.”⁵⁹⁷

Table 12: U.S. Food imports 1946

Kind of food	t
bread grains/flour	1,940,100
pulses	58,600
sugar	-
milk	37,700
fat and oil	-
fish	180,300
potatoes	427,700
miscellaneous	488,400
total	4,334,300
\$	476,000,000

Source: Monthly Report of the Military Governor U.S. Zone, No. 30, December 1947. 40.

⁵⁹⁴ Ibid.

⁵⁹⁵ Ibid. 3.

⁵⁹⁶ Ibid. 13.

⁵⁹⁷ Ibid.

The Monthly Report No. 30, December 1947, shows the amount, the composition, and the price of food imports for the U.S. Zone during the year 1946. One can expect that the data used were final figures.

In December 38,893 CARE packages were delivered in the U.S. Zone and 6,755 in Bremen. So far, the U.S. Zone received a total of 132,715 packages and Bremen got 14,832 since the program started. 105,000 food packages for needy individuals arrived in the U.S. Zone from Switzerland in December.⁵⁹⁸

The chart “U.S. Supplies Furnished by Military Government” in the December 1946 Report listed as food issued to Germans 1,077,695 t, concluding that 77,437 t were issued to Germans in November.

8.4. 1947, the third year of occupation

January 1947 (Report No. 19)

In January most of the new bi-zonal agencies began work. The Military Governor promoted the enclave of Bremen to statehood in January.⁵⁹⁹

The new Executive Committee for Food and Agriculture agreed on a standard ration scale for both occupation zones. Winter grain and oilseeds sowing were less than proposed in the plan for 1946/47.

The extreme cold weather in January caused a twenty per cent decline of the industrial production in January, producing only at thirty one percent of the 1936 average production. The main reason for the decline was the “disorganized transportation, increased cold-weather absenteeism, and exhausted industrial supplies of coal.”⁶⁰⁰ Cold weather and fuel shortages

⁵⁹⁸ Ibid. 25.

⁵⁹⁹ Ibid. 6.

⁶⁰⁰ Ibid. 9.

caused temporary shut downs of 1,557 plants in the U.S. Zone between 13 and 25 January.⁶⁰¹

However, to put a positive touch to the bad January reporting, the report compared January 1947 with the production of January 1946. The January 1947 report concluded, that “despite the paralyzing effects of the cold wave, over-all industrial output in the Zone during January 1947 amounted to about one-third higher than that of January 1946.”⁶⁰²

To save food Military Government reduced the beer production, resulting “in a decline of revenues from the beer tax from RM41,000,000 in September to RM7,000,000 in December.”⁶⁰³

Goods and services rendered for the occupation force amounted to RM103,600,000 in December, “a 12.5 percent decline from average monthly payments of RM118,400,000 made in the period July-November 1946.”⁶⁰⁴ Bavaria paid RM31,700,000 in December, Hessen paid RM33,470,000, Württemberg-Baden paid RM24,920,000, and Bremen paid 13,570,000 on occupation costs in December.

The January exports yielded \$874,000. The dollar account for the import of raw materials for export production increased to \$5,474,000. The new “combined British and U.S. Joint Export-Import Agency (JEIA) supervised the German foreign trade, handled by a department of the German Office for Economic Administration.”⁶⁰⁵ The major objective of the economic unification was the “self-sustaining bizonal economy by 1949 by means of the pooling of imports and resources, the combining of export proceeds, and the joint financing of appropriate imports.”⁶⁰⁶

⁶⁰¹ Ibid. 16.

⁶⁰² Ibid. 10.

⁶⁰³ Ibid. 12.

⁶⁰⁴ Ibid.

⁶⁰⁵ Ibid. 13.

⁶⁰⁶ Ibid.

The food imports of the two-month period December 1946-January 1947 rose to 392,000 t, a quantity never seen before. The value of the imports reported at \$113,000,000, at an average price of \$288 per ton of mixed food, independent from the composition.⁶⁰⁷ The price of \$288 for a ton of food was more than two times higher than the \$136.93 per ton of food calculated earlier and probably based on inaccurate data. The commercial imports “of which more than half represented coal and coke from Czechoslovakia for use in the Bavarian chinaware export-production program,”⁶⁰⁸ accounted for \$598,000.

During January, CRALOG supplied 474 t of relief material to the U.S. Zone, the International Red Cross initiated the shipment of 512 t. The CARE program delivered 55,095 packages. Since September 1946, CARE delivered a total of 198,696 packages. At a price of \$10 per package, the American people spent close to \$2,000,000 to support the German people.⁶⁰⁹

The monthly chart, now called “Summary of U.S. Supplies Furnished by Military Government (Balances as of 31 January 1947)” listed under the rubric, food furnished to German civilians, an amount of 993,523 t. The December chart already listed 1.077,695 t, and the November chart 1,000,258 t. It is incomprehensible how the authors of the January report could come up with the amount, 993,523 t, despite higher quantities in earlier months. Even adding up the 91,962 t food imported for displaced persons cannot solve the discrepancies. May it be like it is, some numbers are clear: 392,000 t of food were imported at \$113,000,000, resulting in an average food price of \$288 per ton.

⁶⁰⁷ Ibid. 14.

⁶⁰⁸ Ibid.

⁶⁰⁹ Ibid. 25.

February 1947 (Report No. 20)

During February the economic situation worsened due to the persistent bad winter weather. The industrial production reached twenty nine per cent of the 1936 production average.⁶¹⁰ Production of heating stoves, life-saving equipment declined from close to 45,000 units to 34,000 during the month.⁶¹¹

The February food rations continued to be at 1,550 cal./day with the food “deficient not only in total calorie content, but in essential nutrients as well,”⁶¹² because bread and potatoes made up eighty three per cent of the normal ration. Farm deliveries declined. People believed farmers would sell their products on the black market to buy products and tools the legal market could not supply that they needed on the farm.⁶¹³

Occupation costs “for supplies furnished and services rendered to U.S. Forces in the U.S. Zone (including Bremen and U.S. Berlin Sector) totaled RM139,400,000 in January,”⁶¹⁴ a progression of fifteen per cent.

The export of German goods in February generated proceeds of \$7,559,633. These proceeds were essential for the procurement of raw materials needed to produce exportable goods.⁶¹⁵ To increase export production, the first shipment of a raw material from the United States, one hundred forty pounds of gold at \$71,000 on a loan basis arrived for the decoration of chinaware.⁶¹⁶

The food imports of February consisted of 270,000 t. Of this amount the U.S. Zone received 34,000 t, and the British Zone 236,000 t. The import, almost completely bread grain

⁶¹⁰ *Monthly Report of the Military Governor U.S. Zone*, No. 20, 1-28 February 1947. 7.

⁶¹¹ Ibid.

⁶¹² Ibid. 13.

⁶¹³ Ibid.

⁶¹⁴ Ibid. 12.

⁶¹⁵ Ibid.

⁶¹⁶ Ibid. 13.

was valued at \$33,00,000.⁶¹⁷ The price of \$33,000,000 included all transportation charges.

However, even with the transportation charges the price for a ton of import would be \$140, less than fifty per cent of the price calculated for the imports of the December/January period.

To the end of the month 6,287,000 gift parcels arrived in Germany since June 1946, from all countries, except from Japan and Spain. The U.S. Zone received 3,460,000 parcels, the British Zone 2,130,000, the French Zone 460,000, the Russian Zone 183,000, and Berlin 54,000.⁶¹⁸ CRALOG supplies consisted of 120 t of food, 91 t of clothing, and 9 t of soap and household goods. CARE packages numbered 50,000 in February.⁶¹⁹

The chart “Summary of Supplies Furnished by Military Government, Balanced as of 28 February 1947,” listed 1,100,195 t of food issued to German civilians, 106,672 t more than the questionable January amount of 993,523 t. Other materials issued according to the chart were 490,980 empty bags and sacks, 2,530 vehicles/trailers, and 800 tires and automotive parts.⁶²⁰

The “accrued pay of U.S. civilians and Allied nationals employed by Military Government through 28 February 1947 totaled \$13,410,234. Approximately \$28,279,500 has been expended for the purpose of maintaining military personnel assigned to Military Government duties.”⁶²¹

March 1947 (Report No. 21)

The severe winter weather ended in March, initiating a general upswing in industrial production across the spectrum. The growth reached thirty five per cent of the 1936 baseline. However, the upswing was far below the peak production rate of October/November 1946.⁶²²

⁶¹⁷ Ibid. 14.

⁶¹⁸ Ibid. 18.

⁶¹⁹ Ibid. 26.

⁶²⁰ Ibid. 31-2.

⁶²¹ Ibid. 30.

⁶²² *Monthly Report of the Military Governor U.S. Zone*, No. 21, 1-31 March 1947. 7.

The precision and optic instrument production “more than doubled, from 11 percent of the 1936 rate in February to 25 percent in March.”⁶²³ Despite the increases, the issue of only forty-nine pair of shoes per thousand people in February described the sad state of economic affairs.

The bad weather did not cause an increase of public welfare recipients. The amount disbursed for welfare climbed from RM36,489,797 in February to RM36,503,191 in March, mainly caused by applications of refugees for public support.⁶²⁴

The “payments by German authorities for U.S. requisitions and indigenous employees in February totaled RM122,000,000,”⁶²⁵ an increase of RM19,000,000 above the January charges of RM103,000,000.⁶²⁶ Military Government did not explain the raise of more than eighteen per cent in one month.

The food import program for the combined zones provided 913,000 t for the first quarter 1947.⁶²⁷ To calculate the March food import one has to subtract from the 913,000 t the January and February amount. In February, 270,000 t of food were imported.⁶²⁸ For January the situation was less clear. The food imports of the two-months period December/January were 393,000 t.⁶²⁹ Assuming an equal partition, the January import was 196,000 t. March imports minus January and February imports showed a net March food import of 447,000 t, an enormous amount.

Nine months of CRALOG support amounted to the shipment of 9,374 t of supplies, of 7,104 t of food, 2,024 t of clothing, and 246 t of miscellaneous supplies. 55,000 CARE packages, addressed to individuals arrived in March. Added were 8,000 so-called free packages

⁶²³ Ibid.

⁶²⁴ Ibid. 27.

⁶²⁵ Ibid. 10.

⁶²⁶ *Monthly Report of the Military Governor U.S. Zone*, No. 19, 1-31 January 1947. 12.

⁶²⁷ *Monthly Report of the Military Governor U.S. Zone*, No.21, 1-31 March 1947. 14.

⁶²⁸ *Monthly Report of the Military Governor U.S. Zone*, No. 20, 1-28 February 1947. 14.

⁶²⁹ *Monthly Report of the Military Governor U.S. Zone*, No. 19, 1-31 January 1947. 14.

for needy families. The International Red Cross provided 132 t of supplies, and relief supplies from the Vatican added 264 t.⁶³⁰

Despite all food imports to keep a daily diet of 1,550 calories, the imports could not prevent that the people were “in poorer nutritional condition than at the same time last year.”⁶³¹ Across the population weight losses between one and one and a half pounds were observed.⁶³² Ex-President Herbert Hoover’s Report No. 1 *German Agriculture and Food Requirements*, from 28 February 1947, emphasized this critical point calling for additional food for children.⁶³³ The child feeding program would “provid[e] a ration-free meal of 350 calories per day while schools are in session for approximately 3,550,000 school children from 6 to 18 years of age in the combined area.”⁶³⁴ To this day I remember the warm meals I received in elementary school. With eyes closed I would be able to find the way from the classroom to the room in the basement where the meals were issued. Hoover also proposed to man U.S. Liberty Ships for the transport of food imports from the United States to Germany, to save scarce dollars for the import of essential raw materials for the export economy.⁶³⁵ One has to keep in mind that all support, may it be food, seeds, fertilizer, or fuel, Germany had to pay for.

German exports from the U.S. Zone generated a total dollar credit as of 31 March of \$8,731,944.06. During the month \$773,077.08 were spent for crucial imports.⁶³⁶

According to the chart “Summary of U.S. Supplies Furnished by Military Government, Balanced 31 March 1947” during the March reporting period, 20,948 t of food were issued to German civilians. The chart offered a new category called “other food,” with varying units. As

⁶³⁰ *Monthly Report of the Military Governor U.S. Zone*, No. 21, 1-31 March 1947. 28.

⁶³¹ *Ibid.* 25.

⁶³² *Ibid.* 26.

⁶³³ Herbert Hoover, *The President’s Economic Mission to Germany and Austria, Report No. 1 German Agriculture and Food Requirements*. 28 February 1947. 10-11.

⁶³⁴ *Monthly Report of the Military Governor U.S. Zone*, No. 21, 1-31 March 1947. 14.

⁶³⁵ *Ibid.* 3.

⁶³⁶ *Ibid.* 11.

many as 28,462 units of this category of food of unknown quantities were issued, including 1,760,000 noon meals. The Germans received 38,655 t of POL (Petroleum, Oil, and Lubricants), as well as 1,624 t of asphalt, tar and waste oil. 5,167 vehicles and trailers were transferred to the Germans. These vehicles, in all likelihood were in no better conditions than the 518 sedans of the *Wehrmacht* issued in March, vehicles “of salvage value only.”⁶³⁷

According to the chart 734,358 t of seeds were issued in March. The February chart, however, listed only 17,945 t of seeds.

April 1947 (Report No. 22)

A little mental experiment may give the reader some ideas of the dimensions and quantities of food needed to feed the people of the U.S. Zone. The calorie amount of the 94th ration period for the normal customer was 1,546 cal./day, very close to the official 1,550 calories. The census of October 1946 determined the population of the U.S. Zone at 17,174,400, an area housing 14,257,600 in 1939,⁶³⁸ an area, “even before the war, was not sufficient in food production.”⁶³⁹ To make the calculation easier we assume that all residents were normal consumers. A year had thirteen ration periods at twenty-eight days. A normal consumer would receive, if available, for the 94th ration period 8,000 g of bread, 2,000 g cereal, 200 g *Ersatzkaffee*, 1,000 g of meat, 1,000 g of fish, 302 g fat, 125 g cheese, 3,000 g milk, 250 g sugar, 12,000 g potatoes, 2,500 g vegetables, 580 g canned vegetables, 125 g dried fruits, and 225 g peanut crème, a total of 31,307 g,⁶⁴⁰ or 31.3 kg or 69.1 pounds. 31.3 kg times 13 ration periods times 17,174,400 residents produce 6,988,263,369 kg or 6,988,263 metric tons of food. At a

⁶³⁷ Ibid. 17.

⁶³⁸ Friedmann, W., *The Allied Military Government of Germany*. (London: Stevens & Sons. 1947.) 352-3.

⁶³⁹ Office of Military Government for Germany (U.S.), *Status Report on Military Government of Germany U.S. Zone*. 15. March 1946.3.

⁶⁴⁰ Stadtarchiv Stuttgart, Bestand 21/1, Signatur 9, Anlage 48, Ernährungsamt.

hunger diet of 1,550 cal./day the people of the U.S. Zone would consume 6,988,263 t of food per year. Who can imagine seven million tons of food in train or shiploads?

The critical food situation prompted General Clay to state at a meeting with the Minister Presidents, that the Germans must press ahead with the indigenous food collection.⁶⁴¹

“Unknown amounts of foods... [are lost] through unauthorized livestock feeding, illegal sales, or barter with city people in exchange for the limited farm supplies, equipment... which are available.”⁶⁴²

Report No. 22 enumerated food imports of 890,000 t during the time 1 January 1947 to 30 April 1947 and “126,000 t of pulses, dried milk, and other foods,”⁶⁴³ a total of 1,016,000 t. However, the report stated that the food shipments from February to April were “more than 100,000 metric tons (in terms of flour) per month short of the amount required to maintain a 1,550 calorie ration level.”⁶⁴⁴ Subtracting 913,000 t of food for the first quarter, an April net import of 103,000 t can be calculated. To ship this amount by rail, close to 7,000 rail cars, carrying 15 t each were necessary.

During April, CRALOG shipped, 252 t of food, 191 t of clothing, and 16 t of miscellaneous supplies to the U.S. Zone. CRALOG shipments from April 1946 to March 1947 were valued at \$ 15,000,000. CARE sent 50,000 packages to the U.S. Zone. The International Red Cross (IRC) imported 271 t of relief supplies in April.⁶⁴⁵

Supplies issued according to the chart “Summary of U.S. Supplies Furnished by Military Government, Balances as of 30 April 1947,” amounted to 6,530 t of food, and 326,395 units of

⁶⁴¹ *Monthly Report of the Military Governor U.S. Zone*, No. 22, 1-30 April 1947. 3.

⁶⁴² Ibid. 18.

⁶⁴³ Ibid.

⁶⁴⁴ Ibid. 18-9.

⁶⁴⁵ Ibid. 30.

other food, including 2,087,086 noon meals. Besides other minor supplies issued, 1,467 trucks and/or trailers were given to the Germans.⁶⁴⁶

Occupation costs from U.S. Army requisitions and civilian labor in fiscal year 1946 added up to RM1,535,000,000, whereas the March occupation costs amounted to RM145,800,000, again an increase of RM23,800,000 from the previous month.⁶⁴⁷

Pay for civilian employees of Military Government was \$17,721,296 through April, military pay totaled \$29,592,300, in April civilians earned \$1,557,151, and the military members \$643,500.⁶⁴⁸

Net proceeds from exports amounted to \$48,824.86, adding up to a total dollar credit of \$8,780,768.92. Import payments of essential raw materials were \$773,110.82 through April.

One of the many handicaps the economy of the U.S. Zone faced was bureaucracy. When a German firm needed access to international telephone and telegraph service, the firm had to apply for it to the Economic Ministry of the *Land*. After approval the *Land* submitted the application to the particular branch office of the Joint Export-Import Agency (JEIA). The approved application was sent to the *Reichspost*. And the *Reichspost* would “issue a permit authorizing the applicant to use international telecommunication facilities.”⁶⁴⁹

May 1947 (Report No. 23)

Favored by good weather, industrial production in the U.S. Zone increased to forty-six per cent of the 1936 rate⁶⁵⁰ in May. However, actual hard coal output in the Ruhr area could still not support industrial growth, exports to the liberated countries, stockpiling for winter heating, and replacing exhausted stocks.⁶⁵¹ The U.S. Zone export recorded a profit of \$1,808,389.92 in

⁶⁴⁶ Ibid. 35.

⁶⁴⁷ Ibid.

⁶⁴⁸ Ibid. 34.

⁶⁴⁹ Ibid. 7.

⁶⁵⁰ *Monthly Report of the Military Governor U.S. Zone*, No. 23, 1-31 May 1947. 8.

May, adding up to a total of \$10,589,158.84, while for Category B imports of essential raw materials \$838,068.89 had to be paid.⁶⁵²

Imports were split in two categories, A and B. Category A included imports of food, fertilizer, seeds, and petroleum products, to keep the Germans alive. They were paid for by appropriated funds of the U.S. Government. Category B imports were regulated by the Joint Export-Import Agency of the U.S./British Military Governments. Category B imports were all imports of raw materials and manufactured goods necessary for the production of export products. “The [JEIA] organization started with a certain working capital and all exports of coal, and other commodities are credited to this fund until the export exceed the raw material imports, when the surplus will be applied to the cost of Category A,” to pay for food imports.⁶⁵³

Due to the desperate food situation, the food ration had again to be cut. During the 101st ration period (28 April -25 May), the normal consumer received only 1,040 cal./day, a starvation diet. Food imports for May into the Bizone reached 341,000 t. Of this amount 302,000 t were bread grain and 16,000 t of other food provided by the United States. 23,000 t were shipped from Great Britain, Norway, and other countries. From 1 January to 31 May 1947 the food imports to Germany added up to 1,482,000 t at a price tag of \$180,000,000, a calculating price of the food of \$121.46 per ton.⁶⁵⁴ The imports were paid by the U.S and British governments. Military Government also imported 3,450 t of field and vegetable seeds in May at \$839,000, as well as 60,000 t of seed potatoes valued at \$3,200,000. The import of the seed potatoes added 60,000 t of indigenous potatoes to the meager food rations issued in the Bizone.⁶⁵⁵

⁶⁵¹ Ibid. 9.

⁶⁵² Ibid. 14.

⁶⁵³ H. Hoover, *The President's Economic Mission to Germany and Austria. Report No. 1 German Agriculture and Food requirements*. 28 February 1947. 13.

⁶⁵⁴ Ibid. 16.

⁶⁵⁵ Ibid.

The shortage of skilled and unskilled labor persisted, giving organized labor bargaining power. “Very large numbers of manufacturers are utilizing a portion of their production to keep their labor,” complained General Clay. It was a way to keep the workers.⁶⁵⁶ On the other hand, a court in Stuttgart imposed jail sentences up to four months for seventy-two unemployed who refused several times assigned jobs they were fit to work.⁶⁵⁷

From 10,710 unserviceable U.S. Army trucks transferred to the Germans in 1945/46, 6,000 were operational in May. 618 of the 2½ t trucks were converted to solid fuel use and 25 to Diesel fuel.⁶⁵⁸ The tendency of liberated countries not to return rail cars to the U.S. Zone increased the transportation bottleneck. Czechoslovakia and Austria had to be threatened with cessation of rail transport if they did not return 2,000 rail cars, respectively 4,000 to the U.S. Zone.⁶⁵⁹

During May, CRALOG relief supplies contained 334 t of food, 33 t of clothing, and 20 t of other material. The International Red Cross sent supplies of 23 t of clothing, and 173 t of household goods. 40,000 CARE packages arrived, bringing the total to 380,000 packages for the U.S. Zone and Berlin.⁶⁶⁰ 400,000 gift parcels per week from individuals in the United States arrived in Germany, adding up to 1,600,000 in all four zones in May. Germany received a total of 10,500,000 parcels from the United States since June 1946. The *Reichspost* received \$1,957,000 for their part of the delivery process in accordance with international postal regulations. This money was added to the export account to buy Category B materials.⁶⁶¹

⁶⁵⁶ Ibid. 4.

⁶⁵⁷ Ibid. 17.

⁶⁵⁸ Ibid. 18.

⁶⁵⁹ Ibid. 19.

⁶⁶⁰ Ibid. 33.

⁶⁶¹ Ibid. 22.

Up to 31 May 1947, the United States paid a total of \$17,867,024 for civilian employees of Military Government and \$30,180,600 for the military members. In May, civilians earned \$1,145,728 and the members in uniform earned \$588,300.⁶⁶²

Food issued according to the chart “Summary of U.S. Supplies Furnished by Military Government, Balances as of 31 May 1947,” amounted to 16,374 t. 3,257,770 units of “Other Food” were issued in April, the May number listed 3,226,170 units, a minus of 31,600 units to April. 85,545 blankets, bedding and beds were issued, as well as 336,600 pieces of clothing.⁶⁶³

June 1947 (Report No. 24)

Industrial production slowed down in June. Lack of electricity due to drought and coal shortages caused by the food situation stopped the March to May upward trend. “The revised index of industrial production shows that over-all output in June was slightly under 49 percent of the 1936 rate as compared with slightly over 49 percent in May.”⁶⁶⁴ Analyzing the situation Report No. 24 concluded “the industrial capacity for sustained expansion is available, but further industrial recovery is contingent upon improvements in the supply of food, transport, and coal.”⁶⁶⁵

The bread ration was cut from 10,000 g to 6,000 g demonstrating the severity of the food crisis, mitigated only a bit by local supplies of not-rationed foods like vegetables from gardens.⁶⁶⁶ Daily calories for the normal consumer did not exceed 1,100, a slight upgrade from the 1,040 cal./day ration of May.

During June the highest amounts of food were imported. The imports included 483,000 t of bread grains and flour, and 17,000 t of pulses, milk, and other foodstuffs from the United

⁶⁶² Ibid. 35.

⁶⁶³ Ibid. 36.

⁶⁶⁴ *Monthly Report of the Military Governor U.S. Zone*, No. 24, 1-30 June 1947. 13.

⁶⁶⁵ Ibid.

⁶⁶⁶ Ibid. 3.

States, a total of 500,000 t. European countries delivered 11,000 t of fish and vegetables to the Bizone in June. The imports cost the U.S. and British taxpayer \$67,656,000.⁶⁶⁷ The combined zones received food imports from 1 January to 30 June of approximately 2,000,000 t at a value of \$257,000,000, an average price of \$128.5 per ton. The imports were split 25:75 between the U.S. Zone and the British Zone.⁶⁶⁸ Bizonal authorities contracted the shipments of 5,700 t of lard, 7,000 t of whale oil, 1,730 t of coconut oil, and 1,270 t of soya oil for July/August.⁶⁶⁹ Radio stations broadcast information about the “great extent of American aid” and tried to convince German authorities and the public to “increase indigenous food production and expedite its distribution.”⁶⁷⁰

An export contract was signed for the production and shipment of 20,000 cases of Bavarian beer per month, each case with 24 twelve-ounce bottles to the United States. However, the barley needed for the beer production had to be replaced by the importer “pound by pound.” The contract represented a value of \$700,000 plus the barley replacement.⁶⁷¹ Export goods were shipped from the U.S. Zone at a value of \$1,700,000, and from the British Zone of \$840,000 (excluding coal and timber).⁶⁷² Category B imports amounted to \$929,000 for the production of export goods.

Besides the import of foodstuffs, further Category A goods were imported. For \$219,000 the Bizone imported 424 t of field and vegetable seeds in June. For the crop year 1946/47 (1 July 1946-30 June 1947) seeds imported into the bizonal area amounted to \$42,000,000. In addition 200 t of sugar beet seeds, 800 t of fodder beet seeds, and 899 tons of vegetable seeds

⁶⁶⁷ Ibid. 20.

⁶⁶⁸ Ibid. 21.

⁶⁶⁹ Ibid.

⁶⁷⁰ Ibid. 28.

⁶⁷¹ Ibid. 20.

⁶⁷² Ibid. 21.

were purchased via interzonal trade from the Soviet Zone, without charging dollar accounts. The outlook for the crop year 1947/48 called for seed procurements of approximately \$22,271,000 for vegetable seeds and seed potatoes, relying on an increased production of indigenous seed potatoes.⁶⁷³

Occupation costs for goods and services requisitioned by the U.S. occupation authorities amounted to RM119,000,000 in May. The payments made in April added up to RM92,000,000. The April low was supposedly caused by late presentation of bills. The monthly occupation costs for 1947/48 were close to the 1946/47 average of RM113,000,000 per month in the U.S. Zone.⁶⁷⁴

Total payments to civilian employees of Military Government through 30 June 1947 were \$19,664,789, whereas military employee pay amounted to \$30,642,900. Civilian salaries for June were \$1,797,765 and for military members \$462,300. The increase in civilian pay and the decrease in military pay could be attributed to an increase of civilian employees and a decrease of uniformed members.⁶⁷⁵

July 1947 (Report No. 25)

The Bipartite Board Bizone approved in July an “export incentive program” to increase exports from the bizonal area. The program would permit five per cent of the export proceeds to be “available to industrial management through an ‘Exporter’ Fund,” and another five per cent would be available for general labor incentives.⁶⁷⁶ Furthermore, the Bipartite Board approved an

⁶⁷³ Ibid. 22.

⁶⁷⁴ Ibid. 17.

⁶⁷⁵ Ibid. 40.

⁶⁷⁶ *Monthly Report of the Military Government U.S. Zone*, No. 25, 1-31 July 1947. 1.

import program for Category B commodities like non-ferrous metals, paper and pulp, textiles, chemicals, stones and earth, steel and iron, and electrical industry for a total of \$7,411,600.⁶⁷⁷

At fifty-three per cent of the 1936 rate, the industrial production increased close to four per cent in July, compared with June. The building industry received orders to produce 1,000 pre-fabricated housing units for miner housing in the Ruhr area. Further 100 units had been ordered for the Frankfurt housing program, with follow-up orders of 300 expected.⁶⁷⁸

Production of household equipment increased, with sewing machines at the top.

Shoe production for seventeen million residents reached 761,000 pairs in July⁶⁷⁹. The ceramic industry production in July reached ninety eight per cent of the 1936 rate, with an average increase between eleven and twenty per cent.⁶⁸⁰

Industrial exports from the Bizone in July amounted to \$22,375,790. This sum included the exports of coal, timber and invisibles, like the export of gas and electricity, transportation charges, and port charges. Category B imports of raw materials needed for export production made up a sum of \$1,686,445.⁶⁸¹

The critical food situation improved in July. The food ration could be increased to 1,320 cal./day for the normal consumer due to food imports and vegetables harvested from home gardens and farms.⁶⁸² Category A imports, food imports amounted to \$63,200,000 in July, a little less than in June with \$67,656,000 food imports. The July imports of bread grains hit 455,000 t valued at \$51,100,000, and a price tag of \$112.31 per ton. Imports of other foodstuffs like pulses, dried milk, and lard added up to 33,500 t at a cost of \$10,500,000, with an average

⁶⁷⁷ Ibid.

⁶⁷⁸ Ibid. 14.

⁶⁷⁹ Ibid.

⁶⁸⁰ Ibid. 15.

⁶⁸¹ Ibid. 21.

⁶⁸² Ibid.

price tag of \$313.4 per ton. Fish imports and other miscellaneous food imports from different countries amounted to 9,400 t at \$1,600,000. A total of 497,900 t of food were imported into the Bizone in July at a total price of 63,200,000, with an average price tag per ton of \$126.9.⁶⁸³ The fish imports of July were 6,400 t at \$969,000, adding up the total fish imports from January to July to 85,700 t at \$9,146,000, a price tag of \$106.72 per ton of fish.

A price per ton calculation for the January to June 1947 food imports of 2,000,000 tons at a value of \$257,000,000 puts a price of \$128.5 per ton on average, very close to the \$126.9 per ton for the July imports.

The Bizone imported 884 t of field seeds at \$317,000 and 413 t of vegetable seeds at \$165,000. A total of 1,297 t of seeds for \$482,000 were imported from various European countries for the crop year 1947/48.

The civilian salaries at Military Government accrued to \$21,644,558, while the military members earned \$31,105,200. The July earning for civilian employees amounted to \$1,979,769 and for the military employees to \$462,300.⁶⁸⁴

August 1947 (Report No. 26)

The industrial production declined slightly from fifty-three per cent to fifty-one per cent of the 1936 baseline in August.⁶⁸⁵ The exports of the U.S. Zone rose to \$15,457,286.61, while expenses for Category B imports, essential imports to produce export commodities, amounted to \$1,176,358.70. The export proceed balance of August added \$337,235.82 to the total of \$14,280,927.91.⁶⁸⁶

⁶⁸³ Ibid. 22.

⁶⁸⁴ Ibid. 41.

⁶⁸⁵ *Monthly Report of the Military Governor U.S. Zone*, No. 26, 1-31 August 1947. 13

⁶⁸⁶ Ibid. 20.

The issued food rations for the standard consumer for the 104th ration period (21 July-17 August) remained with 1,390 cal./day below the official 1,550 calorie ration. Food imports from the United States in August reached 533,000 t, valued at \$59,939,000. The imports contained 523,000 t bread grains and flour and 10,000 t of dried mil, pulses, lard, and other food items, a price tag of \$112.45 per mixed ton. 9,000 t of fish and other food imports from European countries at \$1,580,000 added up to total imports in August to 542,000 t at a cost of \$61,519,000, or, as report No. 26 mentioned, \$61,500,000. The imports were distributed at sixty two per cent to the British Zone and thirty eight per cent to the U.S. Zone. Since 1 January 1947, 2,778,000 t of bread grains and flour, as well as 300,000 t of other foodstuffs were imported into the Bizone at a total cost of \$368,000,000.⁶⁸⁷ For the total of 3,078,000 t the price tag per ton was \$119.56.

During August, the American Red Cross sent 1,476 t of food and comfort items. CRALOG shipped 500 t, increasing the total to 10,842 t. The International Committee of the Red Cross (ICRC) participated with 155 t. CARE packages numbered 47,140, thereof 32,947 for the U.S. Zone and 14,193 for the U.S. Sector of Berlin. Since July 1946, a total of 787,286 CARE packages arrived in Germany.⁶⁸⁸

September 1947 (Report No. 27)

The drought caused a drop of the industrial production from fifty-one per cent in August to forty-eight per cent in September.⁶⁸⁹

Bizonal exports for September amounted to a value of \$28,000,000.⁶⁹⁰ Exports from the U.S. Zone reached a high of \$15,913,426.62, while for Category B imports \$1,176,358.70 had to

⁶⁸⁷ Ibid. 23.

⁶⁸⁸ Ibid. 37-8.

⁶⁸⁹ *Monthly Report of the Military Governor U.S. Zone*, No. 27, 1-30 September 1947. 13.

⁶⁹⁰ Ibid. 22.

be paid. The account for export proceeds increased by \$456,140.01 to a total of 14,737,067.92.⁶⁹¹

Rations were raised to 1,430 cal./day. September food imports from the United States were at 453,000 t of bread grains and flour and 1,570 t of pulses, dried milk, rolled oats, and miscellaneous items. The price of the 454,570 t was \$50,000,000, bringing the price tag to \$110 per mixed ton.⁶⁹² Together with the British contribution of 1,545 t of salted fish and 800 t of food, the total food imports added up to 456,915 t at \$50,500,000, representing a price tag of \$110.5 per mixed ton. The British' 1,545 t of salted fish cost \$258,000, and the 800 t of food \$242,000.

The people of the United States continued with their care for Germany. In September, over one million gift parcels arrived⁶⁹³ adding up to 16,500,000 parcels since June 1946. Based on a survey the average weight of a parcel was seventeen pounds, yielding 280,000,000 pounds, equaling 126,840 t of gifts for Germans. With a calculated ninety per cent being foodstuffs, 114,156 t of additional foodstuffs arrived in Germany. CRALOG shipped 93 t of food, 68 t of clothing, and 31 t of miscellaneous items. CARE sent 84,656 packages to the U.S. Zone. The American Red Cross joined with a shipment of 80 t of food, clothing, and medical items.⁶⁹⁴

September experienced a dramatic setback in industrial production. A cold and long winter and the summer drought killed the upswing. Food problems increased the negative trend.

October 1947 (Report No. 28)

Coal, iron and steel production increased substantially in October. Insufficient transportation hampered increases across the board. The general level of industrial production

⁶⁹¹ Ibid. 20.

⁶⁹² Ibid.

⁶⁹³ Ibid. 30.

⁶⁹⁴ Ibid. 40.

rose minimally from forty eight per cent to forty nine percent of the 1936 basis. Export goods delivered from the Bizone amounted in October to \$1,500,000.

The 1,550 calorie rations could not be issued. Shortages limited the rations to 1,425 cal./day for the standard consumer.⁶⁹⁵ Urban people did all they could do to get food. To prevent foraging expeditions by train, so-called *Hamsterfahrten*, “rural police [of Württemberg-Baden] established controls to check the large crowds [at train stations]...”⁶⁹⁶

October food imports amounted to 285,788 t. The imports consisted of 269,793 t of bread grains and flour, 5,098 t of pulses, and 1,436 t of fat and oil at a grand total of \$36,359,903.⁶⁹⁷ The reported amounts did not match up. Calculating with the total import would give a price tag of \$127.2 per mixed ton. During the month 4,270 t of fish at \$673,000 were imported.

More than 1,200,000 gift parcels from the United States arrived, containing circa 10,000 t of food, clothing, and medical supplies. 175,000 parcels per month from other countries arrived, too.⁶⁹⁸ The CRALOG shipment included 327 t of food, 89 t of clothing, and 45 t of miscellaneous items.⁶⁹⁹ The International Committee of the Red Cross (ICRC) shipped 215 t of bulk relief supplies in October. The League of Red Cross Societies (LICROSS) provided 1 t of clothing and 23 t of comfort items. 55,000 CARE packages were distributed among the residents of the U.S. Zone, 22,220 were shipped to the U.S. Sector of Berlin,⁷⁰⁰ an amazing show of sympathy for Germany.

⁶⁹⁵ *Monthly Report of the Military Governor U.S. Zone*, No. 28, October 1947. 21.

⁶⁹⁶ Ibid. 12.

⁶⁹⁷ Ibid. 21-2.

⁶⁹⁸ Ibid. 27-8.

⁶⁹⁹ Ibid. 36.

⁷⁰⁰ Ibid. 37.

November 1947 (Report No. 29)

U.S. zonal industrial production increased from forty nine per cent to fifty one per cent in October, limited by transportation shortages.⁷⁰¹ Export proceeds of the U.S. Zone industry during occupation rose to \$16,403,709.45. For imports of Category B materials JEIA had to pay \$1,879,533.84. The export proceed balance increased to \$14,524,175.61, with a November amount of \$1,156,328.55⁷⁰² added. Total exports of the Bizone were \$28,700,000 in October, while Category A and B imports amounted to \$54,000,000, and food imports accounting for \$36,400,000 of the total.⁷⁰³

The normal consumer had to be satisfied with a 1,425 cal./day food ration. The United States imported 212,600 t of bread grain/flour at \$25,278,000. Food from various countries added up to 45,190 t, ranging from sugar from Cuba to pulses from Belgian Congo, supplementing the imports. The total costs of 257,790 t of food ran to \$33,300,000, a \$129.17 price tag per mixed ton and \$118.9 for the ton of bread grain/flour. Including November, 4,034,100 t of food of all kinds for \$478,843,000 were imported into the Bizone in 1947, at a price tag of \$118.7 per mixed ton.⁷⁰⁴

The CRALOG relief supply amounted to 254 t, the International Committee of the Red Cross added 149 t, while League of Red Cross shipped 84 t to Germany. Together it amounted to 268 t of food, 128 t of clothing, and 92 t of miscellaneous supplies. CARE shipments to individuals reached 57,000 packages for U.S. Zone and its Berlin sector. A shipment of 20,000 CARE packages arrived intended for distribution to needy persons or families.⁷⁰⁵

⁷⁰¹ *Monthly Report of the Military Governor U.S. Zone*, No. 29, November 1947. 21.

⁷⁰² Ibid. 26.

⁷⁰³ Ibid. 28.

⁷⁰⁴ Ibid. 29.

⁷⁰⁵ Ibid. 47.

December 1947 (Report No. 30)

The Christmas season caused a drop of the industrial production from fifty-one per cent to forty-nine per cent. However, calculated on a daily base the December output equaled that of the previous month.⁷⁰⁶ Industrial progression did not meet expectations. The severe winter and the summer drought, as well as a missing currency reform and thereby missing economic incentives⁷⁰⁷ hampered progress. December exports amounted to \$28,000,000, while commercial November imports were at \$1,000,000. Preliminary figures of total Bizone imports for 1947 were \$660,000,000, while exports accounted for \$225,000,000. The U.S. imports of \$537,000,000 exceeded the Bizone exports to the United States by \$531,000,000. However, to European countries, the Bizone generated an export surplus of \$114,000,000. The bizonal coal export accounted for \$108,000,000. The price of coal increased from \$10 per ton to \$15 per ton in September. Coal exports of 6,500,000 t from January to August 1947 yielded \$65,000,000.⁷⁰⁸ A handicap for faster economic progression was the missing currency reform and a fixed exchange rate of a German currency.⁷⁰⁹

The December food ration stayed at 1,425 cal./day. December food imports were 300,245 t at \$37,569,500, paid for by the U.S. and British governments, at a price of \$125.13 per ton. The 1947 total food import amounted to 4,334.350 t at a price tag of \$516,412,500. The average price per ton for the total import was \$119.14. The December imports were composed of 231,050 t of bread grain/flour, 8,330 t of dried milk, 7,970 t of pulses, 35,140 t of sugar, 320 t

⁷⁰⁶ *Monthly Report of the Military Governor U.S. Zone*, No. 30, December 1947. 11.

⁷⁰⁷ Ibid. 43.

⁷⁰⁸ Ibid. 46-7.

⁷⁰⁹ Ibid. 48.

whale oil, 480 t coconut oil, 4,000 t fish, 340 t dehydrated potatoes, and 12,245 t of fresh potatoes, adding up to a total of 299,875 ton, 370 t less than the 300,245 t.⁷¹⁰

The December report presented the amount, the composition, and the price of the food imports for the U.S. Zone 1947. The 1947 imports were 1,156,500 t above the imports of 1946.

Table 13: Food imports 1947

Kind of food	t
bread grains and flour	3,944,400
pulses	58,900
sugar	53,700
milk	51,400
fat and oil	12,600
fish	113,300
potatoes	26,800
miscellaneous items	73,300
total	3,177,800
\$	516,000,000

Source: *Monthly Report of the Military Governor U.S. Zone*, No. 30, December 1947. 40.

The CRALOG December shipments included 9 t of food, 16 t of clothing, and 28 tons of miscellaneous items. The League of Red Cross Societies sent 155 t of food and clothing. CARE transferred 150,000 packages to the U.S. Zone and the U.S. Sector of Berlin.

8.5. 1948, the fourth year of occupation

January 1948 (Report No. 31)

Industrial activity gained slightly in the Bizone in January due to the mild winter without snow.⁷¹¹ Unsatisfactory food distribution, especially in the highly industrialized areas led to work stops throughout the Bizone. The food rations for the residents of Stuttgart, par example,

⁷¹⁰ Ibid.

⁷¹¹ *Monthly Report of the Military Governor U.S. Zone*, No. 31, January 1948. 42.

went down during the first three ration periods of 1948 (110th to 112th period) to 1,407 calories, 1,399 calories, and 1,397 calories.⁷¹² However, the production index in the U.S. Zone rose about three per cent to fifty-one per cent of the 1936 baseline.⁷¹³ The export deliveries of the Bizone amounted to \$27,100,000. Raw materials like coal and timber accounted for \$16,300,000 of exports. The “First Quarter Import Program” called for \$100,000,000 imports from January to March without providing a sum for January imports.⁷¹⁴

The January food imports into the Bizone amounted to 308,740 t at a price of \$40,063,400. The composition of the imports differed somewhat from earlier deliveries. 260,193 t of bread grain/flour were amended by 1,818 t of pulses, 14,520 t of sugar, 1,590 t of milk, 13,405 t of fats and oils, 10,900 t of fish, 1,510 t of fresh potatoes, 3,525 t of dehydrated fruits, and 1,280 t of miscellaneous food items.⁷¹⁵ This mixed food ensemble led to a price tag of \$129.76 per ton.

United States residents’ private support of Germany did not waver in January. CRALOG shipments consisted of 2,395 t of food, 154 t of clothing, and 70 t of household goods, while the batch of the International Committee of the Red Cross included 298 t of food, 115 t of clothing, and 195 t of medical supplies and household goods. The League of Red Cross Societies participated with 15 t of clothing. The city of Worthington, Minnesota sent 3 t of shoes and cloth to the city of Crailsheim in Württemberg-Baden. CARE shipped 82,000 packages to the U.S. Zone and the American sector of Berlin. Swiss welfare agencies mailed 30,000 parcels to Germany. A 1947 review stated 7,160 t of bulk relief went into the U.S. Zone and the U.S. Berlin Sector, with CRALOG leading with 3,387 t at \$2,076,920, followed by league of Red

⁷¹² Stadtarchiv Stuttgart, Bestand 21/1, Signatur 9, Anlage 48, Ernährungsamt.

⁷¹³ *Monthly Report of the Military Governor, U.S. Zone*, No. 31, January 1948. 42.

⁷¹⁴ Ibid. 45.

⁷¹⁵ Ibid. 37.

Cross Societies with 1,703 t at \$2,000,000, the International Committee of the Red Cross with 1,085 t. The 1,130,000 CARE packages were valued at \$11,000,000. The Vatican Relief Mission sent 985 t supplies and Swiss welfare agencies sent 400,000 packages to Germany.

February 1948 (Report No. 32)

The increase in industrial production in the Bizone continued in February, due to good weather and sufficient energy supply. The production in the U.S. Zone went up to fifty-four per cent of the 1936 average. No work stoppages were reported in February.⁷¹⁶ For the procurement of raw material \$500,000,000 could be spent in 1948.⁷¹⁷

The food rations declined from 1,425 cal./day in January to 1,410 cal./day in February, locally a decline to 1,311 cal./day was possible.⁷¹⁸ The Category A food imports reached 358,896 t at a value of \$47,740,000, a price tag of \$133.02 per mixed ton. The imports consisted of 199,288 t of bread grains/flour, 35,835 t of fresh potatoes, 56,500 t of fish, 34,744 t of sugar, 19,640 t of fat and oil, 6,902 t of pulses, 3,528 t of dehydrated fruits, 356 t of milk, and 2,103 t of miscellaneous food items.⁷¹⁹ Further Category A imports included 1,619 t of field seeds and 3,972 t of vegetable seeds⁷²⁰ for \$2,300,000 and fertilizer for \$ 2,900,000 in February.⁷²¹ \$700,000,000 for the purchase of food during the time July 1948 to June 1949 were approved,⁷²² based on funds of the European Recovery Program. Category B import contracts were signed with Sweden and Luxembourg for the delivery of 1,800,000 t of high quality iron ore.⁷²³

The 1,030 t CRALOG shipment contained 580 t of food, 378 t of clothing, and 72 tons of miscellaneous items, while the International Committee of the Red Cross sent 5 t of food, 55 t of

⁷¹⁶ *Monthly report of the Military Governor U.S. Zone*, No. 32, February 1948. 43-4.

⁷¹⁷ Ibid. 2.

⁷¹⁸ Ibid. 47.

⁷¹⁹ Ibid. 48-9.

⁷²⁰ Ibid. 51.

⁷²¹ Ibid. 46.

⁷²² Ibid. 2.

⁷²³ Ibid. 47.

clothing, and 25 t of miscellaneous items. The League of Red Cross Societies added 18 t of food. The CARE organization shipped 85,214 packages to the U.S. Zone and the U.S. Sector of Berlin.⁷²⁴

March 1948 (Report No. 33)

Industrial production bettered sturdily in February-March. The U.S. Zone saw the production climb from-fifty four per cent to fifty-eight per cent from February to March with a promising prospect for the future. February exports of finished goods reached \$9,000,000 of a total of \$26,000,000.⁷²⁵ Category B imports amounted to \$9,000,000 and power imports from Austria cost \$5,400,000.⁷²⁶ Final export numbers for February reached a total of \$37,214,000. Finished products counted for \$8,900,000 and coal for \$17,074,000. Category B imports in February amounted to \$7,454,000.⁷²⁷ An export incentive program based on an exchange rate of 1RM for \$.30 allowed the producer to use forty per cent of his export proceeds to buy goods abroad after approval from JEIA. The Bizone became an official participant of the European Recovery Program creating much hope for the future.⁷²⁸ The new central bank for the Bizone, the *Bank Deutscher Länder*, founded on 1 March 1948, succeeded the *Reichsbank*, determined to become an important part within the European Recovery Program for the Bizone.

The official March food ration of 1,400 cal./day could not be issued across the Bizone. In some parts the caloric value went down to 1,180 cal./day.⁷²⁹ Bizonal food imports in March amounted to 482,614 t, valued at \$63,000,000 at a price per mixed ton of \$130.54 for the U.S. and British Governments. The imports were composed of 293,406 t of bread grains/flour, 12,418

⁷²⁴ Ibid. 31.

⁷²⁵ *Monthly Report of the Military Government U.S. Zone*, No. 33, March 1948. 36.

⁷²⁶ Ibid. 39

⁷²⁷ Ibid. 40.

⁷²⁸ Ibid. 32.

⁷²⁹ Ibid. 41.

t of pulses, 77,451 t of sugar, 21,708 t of fats and oil, 10,540 t of fish, 40,072 t of fresh potatoes, 35,304 t of dehydrated fruits, and 1,715 t of miscellaneous food items. Added Category A imports were 1,775 t of vegetable seeds, 1,355 t of field seeds, and 41,989 t of seed potatoes in March.⁷³⁰

A medical supply depot valued at \$2,700,000 was turned over to the Germans. The CRALOG supplies for the U.S. Zone and Berlin consisted of 2,000 t of food, 267 t of clothing, and 48 t of miscellaneous items. The League of Red Cross Societies shipped 17 tons of clothing, 12 t of school supplies, and 1 t of sugar. The League will also spend \$75,000 for furnishing sewing rooms and classrooms. The U.S. Zone received 134,091 CARE packages in March.⁷³¹

April 1948 (Report No. 34)

The industrial recovery of the Bizone continued during April at the pace of the previous month. The bizonal level of industrial production hit fifty per cent of the 1936 baseline. It represented an increase of four per cent.⁷³² Exports from the Bizone amounted to \$51,413,000 in April, with a total of \$88,840,000 for the first quarter 1948. April Category B imports counted \$18,476,000, the first quarter imports added up to \$93,385,000.⁷³³

The central banks of the three Länder of the French occupation zone affiliated with the *Bank Deutscher Länder* on 1 April, acting now as the central bank of the western occupation zones.⁷³⁴ General Robertson, the British Military Governor, represented the Bizone at Paris at the Organization of European Economic Cooperation (OEEC).

The food ration issued in April rose to 1,560 cal./day, a one time high since the occupation started. However, the actual distribution in the Bizone area fluctuated from 1,310

⁷³⁰ Ibid. 43.

⁷³¹ Ibid. 8,9.

⁷³² *Monthly Report of the Military Governor U.S. Zone*, No. 34, April 1948. 41.

⁷³³ Ibid. 46.

⁷³⁴ Ibid. 15.

calories in Schleswig-Holstein to 1,565 calories in Hamburg. A contract was signed with Italy to import Category A food for \$10,000,000 into the Bizone. The import was paid for by funds provided by the ERP administration.⁷³⁵ April food imports amounted to 577,403 t at a total value of \$86,500,000, at an average price of \$149.81 per mixed ton. The imports consisted of 316,364 t of bread grains/flour at \$40,500,000, a price tag of \$128.02 per ton of bread grain, 127,063 t of sugar at \$14,612,000, 24,026 t of pulses, 1,870 t of milk, 36,299 t of fat and oil, 65,578 t dehydrated fruits, and 6,202 t of miscellaneous food items.⁷³⁶ Category A seed imports added up to 15,698 t of field seeds, 4,907 vegetable seeds, and 109,721 t of seed potatoes.⁷³⁷

CRALOG imported 437 t of food, 263 t of clothing, and 74 t of miscellaneous supply into the U.S. Zone, and Berlin received 87 t of supplies. Swiss agencies added 103 t of food, 29 t of clothing, and 68 t of household item to the import. During the first quarter the Swiss agencies supported the U.S. Zone with 117,197 gift parcels at 700 t and valued at \$400,000. The League of Red Cross Societies sent 44 t of cloth and 9 t of educational supplies. 79,318 CARE packages went into the U.S. Zone, while 28,006 went to the U.S. Sector of Berlin. The U.S. Army transferred 3,300,000 pieces of shoes, clothing and textiles from surplus stocks to German authorities for distribution.⁷³⁸

May 1948 (Report No. 35)

In May, a month with fewer working days, the bizonal industrial production declined to forty-six per cent of the 1936 rate. However, the productivity related to a single working day did not decline. Additionally, the expected currency reform triggered a lack of industrial and

⁷³⁵ Ibid. 46.

⁷³⁶ Ibid. 48-9.

⁷³⁷ Ibid. 50.

⁷³⁸ Ibid. 12, 47.

business undertakings,⁷³⁹ as well as a hesitancy of manufacturers to sell their products, causing artificial shortages.⁷⁴⁰ Export deliveries of all goods amounted in May to \$47,400,000, with finished goods at \$9,900,000. Category B material of \$58,600,000 was imported in May. Category A imports, paid for by U.S. and British governments, amounted to \$79,500,000, of which \$58,000,000 accounted for food imports and \$1,200,000 for POL imports. As of 1 May, a fixed exchange rate of 1RM=\$.30 was established for all export and import activities, except the import of staple food.⁷⁴¹

Food rations were increased to 1,593 calories, however in some areas rations were cut due to low farm deliveries, leading to labor unrests with 165,000 workers participating in the U.S. Zone.⁷⁴² Food imports reached 564,085 t in May, at a value of \$73,000,000, a price of \$129.41 for a mixed ton. The food import was comprised of 301,259 t of bread grains/flour, 15,641 t of pulses, 47,158 t of sugar, 18, t of milk, 18,828 t of fat and oil, 34,535 t of fish, 100,704 t of fresh potatoes, 18,912 t of dehydrated fruits, and 27,030 t of miscellaneous food items. 5,952 t of field seeds, 991 t of vegetable seeds, and 16,585 t of seed potatoes were imported in May.⁷⁴³

Additionally, CRALOG shipped 520 t of food, 200 t of clothing, and 60 t of miscellaneous items. CARE sent 85,904 packages and Swiss agencies sent 455 t of cloth, 74 t of clothing, and 134 t of household goods. The League of Red Cross Societies imported clothing and medical supplies worth \$63,259. The gift parcels sent from the U.S. during two years

⁷³⁹ *Monthly Report of the Military Governor U.S. Zone*, No. 35, May 1948. 38.

⁷⁴⁰ Ibid.

⁷⁴¹ Ibid. 44-5.

⁷⁴² Ibid. 16.

⁷⁴³ Ibid. 47-8.

represented a value of \$150,000,000 of food, clothing, and medical supplies to individual Germans. U.S. residents spent \$10,000,000 per month for gift parcels to Germany.⁷⁴⁴

June 1948 (Report No. 36)

Industrial production of the Bizone rose to fifty per cent of 1936 standard in June. Looking at the output per working day, the production remained at the same level the last three months. Report No. 36 mentioned no export and import figures due to the currency reform, the major event in June,⁷⁴⁵ replacing the *Reichsmark* by the *Deutsche Mark* 10:1. Parallel to the currency reform a tax reform was introduced. The currency reform prompted the Soviets to cut off the access to Berlin. Labor efficiency increased with the currency reform, while absenteeism decreased.

The food ration went up to 1,655 cal./day. Category A food imports of 714,910 t arrived in June, representing a value of \$90,500,000. The price tag for a mixed tons was \$126.59. The import consisted of 439,501 t of bread grains/flour, 8,306 t of pulses, 74,515 t of sugar, 97 t of milk, 9,060 t of fat and oil, 25,991 t of fish, 86,013 t of fresh potatoes, 25,853 t of dehydrated fruits, and 45,574 t of miscellaneous food items. Seed imports of 1,762 t of field seeds and 268 t of vegetable seeds completed the June imports of Category A products. For the crop year 1947/48 a total of 41,820 t of field seeds, 15,476 t of vegetable seeds, and 252,584 t of seed potatoes were needed for the sowing.

CRALOG sent 229 t of food, 205 t of clothing, and 34 t of miscellaneous items in June, Swiss welfare agencies added 363 t of food, 21 t of clothing, and 32 t of household items, while CARE participated with 62,509 packages supporting Germans.

⁷⁴⁴ Ibid. 18.

⁷⁴⁵ *Monthly Report of the Military Governor U.S. Zone*, No. 36, June 1948. 2, 40, 4, 45, 48-9, 51, 13.

July 1948 (Report No. 37)

Industrial production of the Bizone increased to sixty per cent of the 1936 basis. Food rations hit 1,990 cal./day in July, 275 calories above the planned ration because of the ample potatoes harvest. Food imports for July were 625,720 t at a price tag of \$76,000,000. The imports were composed of 486,603 t of bread grains/flour, 13,542 t of pulses, 27,056 t of fresh potatoes, 289 t of sugar, 17,253 t of fats and oil, 20,766 t of fish, 10,966 t of dried fruits, 28,576 t of fresh vegetables 191 t of dried vegetables, and 20,166 tons of miscellaneous food items. Category A imports totaled 749,400 t at \$80,300,000, with food accounting for \$75,900,000, seeds \$1,000,000, fertilizer \$1,300,000, and POL \$2,000,000. Category B imports reached \$53,700,000 in July. European Recovery Program funds allocated for the Bizone for the annual budget of 1948/49 were \$922,000,000 for Category A products (food, feed, seeds, fertilizer, POL) and \$868,000,000 for imports of Category B products (industrial products and raw materials), as well as \$45,000,000 for invisibles and capital costs. The budget will be paid by \$728 million of GARIOA funds, \$661 million from JEIA export proceed funds, and \$446 million of ERP funds.

CARE sent 70,000 packages to the U.S. Zone and Berlin. During the second quarter Swiss welfare agencies supported the Germans with 139,107 gift parcels containing 789 t of food at a value of 1,764,000 CHF.⁷⁴⁶

August 1948 (Report No. 38)

The industrial level of the Bizone rose to sixty-seven per cent of the 1936 rate. Black market and barter trade vanished. For the third quarter 1948, the Economic Cooperation Administration (ECA) allocated to the Bizone \$51,256,000 for Category A imports and \$20,998,000 for Category B imports.

⁷⁴⁶ *Monthly Report of the Military Governor U.S. Zone*, No. 37, July 1948. 50, 45, 62, 63, 86, 11.

The August food ration for the normal consumer provided 1,830 cal./day. The food imports during the month amounted to 916,530 t with a value of \$107,300,000, composed of 697,486 t of bread grains/flour, 8,922 t of pulses, 18,433 t fresh potatoes, 116,261 t of sugar, 6,133 t of fat and oil, 16,716 t of fish, 286 t of dried milk, 2,232 t of dried fruits, 25,581 t of fresh vegetables, and 21,480 t of miscellaneous food items. The price for a mixed ton of food imports was \$117.07. Seed imports accounted for 1,105 t of field seeds and 55 t of vegetable seeds at \$326,000, fertilizer at \$2,100,000, and POL products at \$1,900,000.

Category A imports for August totaled 1,068,100 t of food, seeds, fertilizer and POL products, valued at \$111,600,000. Category A imports for the time January to August 1948 added up to 5,826,200 t at \$652,800,000.

August export proceeds from the Bizone amounted to \$58,000,000, while for Category B imports \$41,000,000 had to be paid. For the eight months January to August the exports totaled \$336 million and Category B imports \$258 million.

CRALOG shipped 700 t of supplies in August, consisting of 450 t of food, 200 t of clothing, and 50 t of miscellaneous items, a total of 24,100 t since January. The American Red Cross participated with 5 t of clothing, while CARE sent 47,915 packages to the three western zones. From January to July CARE shipped a total of 1,121,561 packages. Swiss welfare agencies reported 48,553 gift parcel shipped, with a three months total of 187,660 parcels of approximately 1,200 t of supplies.⁷⁴⁷

September 1948 (Report No. 39)

Imports and bountiful crops made it possible to increase the food ration for all consumers to 2,250 cal./day. Food imports reached 795,950 t in September. The imports were a mix of 581,767 t of bread grains/flour, 5,178 t of pulses, 13,123 t fresh potatoes, 97,894 t of sugar, 2,206

⁷⁴⁷ *Monthly Report of the Military Governor U.S. Zone*, No. 38, August 1948. 46, 45, 57, 58-9, 61, 80, 79, 9.

t of fat and oil, 27,731 t fish, 589 t dried milk, 37,673 t of dried fruits, 19,995 t of fresh vegetables, and 9,794 t of miscellaneous food items. Seed imports were 2,969 t field seeds and 622 t vegetable seeds. The September Category A imports, including the import of seeds amounted to \$105,900,000, making it impossible to calculate a price for the ton of food.

The September exports at \$61 million were \$2,900,000 higher than the August exports, while Category B imports counted at \$52 million. The sum of Category A and B imports stand at \$158 million for September.

To support the Berlin airlift the Bizone had to raise DM 50 million per month for industrial supplies and to pay unemployment benefits for affected workers.

Private and individual support for Germans provided CARE with 64,881 packages, the League of Red Cross Societies with 886 t of supplies, the Swiss welfare agencies with 72 t of clothing, furniture, and medical supply. The American Red Cross sent 5t of clothing, while CRALOG participated with 261 t of food, 102 t of clothing, and 31 t of miscellaneous items in September.⁷⁴⁸

October 1948 (Report No. 40)

To raise the money for the support of the Berlin airlift special taxes were imposed. Both Military Governments paid on credit basis for food, fuel, medical supplies, seeds, newsprints, and fertilizer, all other expenses the Bizone had to cover. The *Notopfer Berlin*, an emergency aid program imposed surcharges on wages, salaries, income, corporation taxes, and postage. I still remember the small blue special stamp with a denomination of two *Pfennig*, which had to be put on every piece of mail.

To adapt the Reichsmark era taxes to the Deutsch Mark currency, excise taxes had to be lowered. Par example, the tax on 1.1 pound of coffee was reduced from DM 24 to DM 12, for a

⁷⁴⁸ *Monthly Report of the Military Governor U.S. Zone* No. 39, September 1948. 47, 48-9, 51, 67, 60, 8-9.

liter beer from DM 2.50 to DM 1.00, for 0.7 liter hard liqueur from DM 30 to DM 8, par example.

The food imports of 386,499 t for \$44,023,735 were paid for by ECA funds of \$2,287,050, by GARIOA/Military Government funds of \$32,964,268, by IRO funds of \$1,017,498, by United Kingdom funds of \$3,070,877, by JEIA export proceeds of \$1,056,190, and by participating ERP countries of \$1,470,350. Adding up the parties results in a total of \$41,866,233, \$2,157,502 short of the total of \$44,023,735. An average price of \$113.90 per mixed ton can be calculated. The import composed of 250,343 t of bread grains/flour, 4,356 t of pulses, 35,112 t of sugar, 3,566 t of fat and oil, 18,313 t of fish, 1,050 t of dried milk, 9,860 t of dried fruits, 25,165 t of fresh vegetables, 27,033 t of fresh fruits, and 11,057 t of misc. food items.

The exports of October amounted to \$62,800,000, while Category A imports stood at \$52 million and the Category B imports at \$32 million.

Swiss welfare agencies donated 76 t of supply, consisting of 39 t of food, 2 t of clothing, and 35 t of miscellaneous items, as well as 42,631 gift parcels. CARE contributed with 64,039 packages, while CRALOG sent 894 t of supplies, consisting of 711 t of food, 102 t of clothing, and 81 t of miscellaneous items. The League of Red Cross Societies handed over 32 t, with 14 t of food, 12 t of medical supplies, and 35 t of miscellaneous items.⁷⁴⁹

November 1948 (Report No. 41)

November convinced with an increase of one per cent of the industrial production to seventy-five per cent of the 1936 level. The Economic Cooperation Administration (ECA) approved Category A imports for the time April to December 1948 of \$197,293,000 and \$141,964,000 for Category B imports. November exports from the Bizone accounted for \$68

⁷⁴⁹ *Monthly Report of the Military Governor U.S. Zone*, No. 40, October 1948. 67, 66, 55, 75, 14.

million, while the imports added up to \$103 million. The November food imports amounted to 515,000 t, at \$58,677,000, thirteen per cent paid for by the Joint Food Procurement Office, five per cent by Great Britain, and eighty-two per cent by the United States. The price of a ton of mixed food from the November imports was \$113.94. Total food imports January-November 1948 amounted to 6,363,000 t, the share of the United States being 4,219,000 t.

Category A imports including food, feed, fertilizer, and POL decreased to \$51 million in October. The total tonnage received from January to October was 7,942,365 t at a value of \$822,300,000. The United States sold products to the Bizone for \$574 million, followed by Cuba with \$70.7 million, and Argentina with \$15.7 million. Category B imports from the United States amounted to \$106.2 million, thirty-one per cent of all Category B imports, and Great Britain sold Category B imports for \$72.8 million, a twenty-one per cent share.

CARE sent 49,323 packages, while CRALOG contributed 771 t of supplies in November, consisting of 659 t of food, 86 t of clothing, and 26 t of other things. Swiss welfare agencies contributed 547 t, containing 55 t of food, 1 t of clothing, and 491 t of miscellaneous items. The League of Red Cross Societies donated 29 t of supplies, 110 sewing machines, and \$75,000.⁷⁵⁰

December 1948 (Report No. 42)

December contracts based on the availability of ERP funds amounted to \$245 million. Deliveries of merchandise will be at \$99 million at the end of the month. The June currency reform acted like a blood transfusion into the economy, freeing hoarded raw materials, finished and half-finished products. Work efficiency increased while absenteeism sharply declined and black markets, as well as barter trade vanished. Imports of food, machines, equipment, and raw materials boosted the economy. The general morale of the people got a jump start.

⁷⁵⁰ *Monthly Report of the Military Governor U.S. Zone*, No. 41, November 1948. 59, 58, 84, 85, 22.

The December food ration, like the November ration, consisted of 11,000 g of bread, 1,625 g of cereal, 400 g of meat, 800 g of fish, 625 g of fat, 3,000 g of skim milk, 125 g of cheese, 1,500 g of sugar, and 400 g of dried fruits. A Christmas present was the issue of 125 g of cookies for all consumers and of 500 g of sugar for all children up to six years. In general, the rations were issued except for local shortages of meat, fat, and skim milk.

The December food imports amounted to 472,314 t at \$56,794,000. GAROIA paid \$33,978,000, ECA \$13,901,000, JEIA \$3,470,000, British agencies paid \$4,858,000, and IRO paid \$587,000. The imported food consisted of 320,724 t of bread grains/flour, 5,133 t of pulses, 9,868 t of sugar, 29,469 t of fat and oil, 15,055 t of fish, 7,029 t of dried milk, 21,306 t of fresh vegetables, 3,501 t of fresh fruits, and 60,229 t of miscellaneous food items. The average price of a ton of mixed food was \$120.25.

The complicated financial structure as to who paid what and which amount in December 1948 is illustrated by the following numbers. GAROIA funds paid for Category A imports (foods, seeds, fertilizer, POL) \$55million. The import of food, seeds, and fertilizer for \$18 million, as well as further Category A imports of \$15 million, together \$33 million, were financed from ERP resources. In total, imports of food, seeds, fertilizer, and POL of \$88 million were financed by U.S. and British furnished funds. Subtracting the rounded up \$57 million of the December food imports in table 12 leaves \$31 million for the import of seeds, fertilizer, POL. Category B imports of \$41 million, together with all Category A imports amounted to \$129 million.

The following table illustrates the amounts of food imported into the Bizone in 1948, as well as the money both the United States and Great Britain spent for this critical endeavor.

The total tonnage for 1948 calculated from the single *Monthly Reports* added up to 6,718,661 t. The sum is 117,069 t less than the January-December total reported on page 75 of the *Monthly Report* No. 42 of 6,835,730 t. A missing marge of 1.7 per cent was probably acceptable under the conditions of the occupation. One has to look at the dollar price per ton of mixed food imports as a fictitious unit. The composition of the monthly imports vacillated with the kinds of food as well as with the quantities. However, despite changing composition and quantities, the margin of fluctuation in the price/ton does not seem large.

CRALOG shipped 228 t relief supplies in December consisting of 38 t of food, 179 t of clothing, and 11 t of other items. CARE participated with 59,770 packages. Swiss welfare agencies contributed with 59,370 gift parcels and 8 t of food, 19 t of clothing, and 43 t miscellaneous items. Less than one ton of sewing supplies sent the League of Red Cross Societies.⁷⁵¹

The 1948 total of food, seeds, fertilizer, and POL imports peaked at \$988 million, financed by the governments of the United States and Great Britain, whereupon the British part, one can argue, was obliquely financed by the U.S., too.⁷⁵²

The data presented in the *Monthly Reports* do not always fit together, nor do they make sense. It is not possible to state with certainty the exact quantity of food imported or the dollar value attributed to the imports. One cannot determine if the 701,075 t of food imported/issued in 1945 are included in the numbers of the 1946 reports. The 701,075 t represented less than five per cent of all food imported from 1946 to 1948. However, the sheer numbers of Table 15, composed of data from Tables 12, 13, and 14 highlight the dimension of the food problem the United States and Great Britain faced in their occupation zones.

⁷⁵¹ *Monthly Report of the Military Governor U.S. Zone*, No. 42, December 1948. 61, 73, 74, 75, 94, 27.

⁷⁵² Ibid.

Table 14: Food imports into the Bizone in 1948

Month	metric ton	\$	\$/t
January	308,740	40,063,400	129.76
February	358,896	47,740,00	133.02
March	482,614	63,000,000	130.54
April	577,403	86,500,000	149.81
May	564,085	73,000,000	129.41
June	714,910	90,500,000	126.59
July	625,720	76,000,000	121.46
August	916,530	107,300,000	117.07
September	795,950	105,900,000*	133.05*
October	386,499	44,023,735	113.90
November	515,000	58,677,000	113.94
December	472,314	56,794,000	120.25
total	6,718,661	849,498,135	126.44

* including the import of field and vegetable seeds of unknown quantity and price

Source: Monthly Reports of the Military Governor U.S. Zone, No. 31-42, January –December 1948.

The table shows an impressive amount of food imported into the U.S. Zone, into the combined U.S. and British Zones, and a little bit into the French Zone. Which country, except for the United States could spend \$1.8 billion to keep a defeated people alive? Which country was able to transfuse billions of dollars to rebuild a continent in shambles after six years of war?

Table 15: Food imports 1946 to 1948

Year	t	\$
1946	4,334,300	476,000,000
1947	3,177,800	516,000,000
1948	6,718,661	849,498,135
Total	14,230,761	1,841,498,135

8.6. 1949, the final year of occupation

January 1949 (Report No. 43)

All 1948 imports added up to \$1,415,138,000, the bizonal exports reached \$599 million, causing a deficit of \$816 million.⁷⁵³ The Economic Cooperation Administration (ECA), in short the Marshall Plan, funded \$98,886,000, or 6.9 % of the 1948 import deliveries. Of the \$1,415.1 million imports for 1948, Category B (industrial materials) imports amounted to \$558 million of the total of which ECA and JEIA paid \$76.9 million.⁷⁵⁴ The bizonal industrial production kept rising in January to eighty per cent of the 1936 standard, gaining one per cent from the previous month of December.⁷⁵⁵ Since the currency reform the industrial production increased thirty per cent. Shortages of electric power and of skilled labor – a disproportionate number of trainees filled the ranks – retarded further growth.⁷⁵⁶

The January food ration equaled the December ration: 10,000 g of bread, 1,625 g of cereal, 400 g of meat, 800 g of fish, 625 g of fat, 3,000 g of skim milk, 125 g of cheese, 1,500 g of sugar, 200 g dried fruit, and 500 g citrus fruit. Potatoes were no longer rationed food items.⁷⁵⁷ However, even with the increased food rations, no one had to fear obesity.

The Bizone imported 557,040 t of food in January at a price of \$70.5 million,⁷⁵⁸ resulting in a price of \$126.56 per mixed ton. The imports were composed of 337,305 t of breads grains/flour, 14,912 t of pulses, 29,439 t of fat and oil, 28,713 t of fish, 5,259 t of dried milk, 33,059 t of fresh vegetables, 7,115 t of dried fruits, 24,833 t of fresh fruits, and 76,405 t of

⁷⁵³ Ibid. 86.

⁷⁵⁴ Ibid. 88.

⁷⁵⁵ *Monthly Report of the Military Governor U.S. Zone*, No. 43, January 1949. 54.

⁷⁵⁶ Ibid. 58.

⁷⁵⁷ Stadtarchiv Stuttgart, Bestand 21/1, Signatur 9, Ernährungsamt, Anlage 48

⁷⁵⁸ *Monthly Report of the Military Governor U.S. Zone*, No. 43, January 1948. 63.

miscellaneous food items. The January imports matched very closely the average monthly imports of 1948.⁷⁵⁹

The import price of \$70.5 million was paid through GARIOA funds of \$38 million, ECA funds covered \$15 million, JEIA export proceeds paid \$14 million, various UK agencies paid \$3million, and IRO funds paid the difference.⁷⁶⁰ GARIOA funds and ECA funds were U.S. appropriated funds. JEIA funds were proceeds from bizonal exports, exceeding the demands for Category B imports. One can guess that the UK funds and IRO funds were probably indirect U.S. funds.

Starting in January, Category A imports (food, seeds, fertilizer, medical supplies) had to be paid in *Deutsche Mark* from JEIA export profits at a conversion rate of \$.30 = 1DM. The Military Governments would buy import products with dollars/sterling funds and sell the goods to the German importer for *Deutsche Mark*.⁷⁶¹

CRALOG shipped 450 t of supplies in January, consisting of 108 t of food, 224 t of clothing, and 118 t other supplies. The League of International Red Cross Societies participated with 30 t of medical supplies, clothing, and gift boxes. CARE delivered 73,767 packages and Swiss welfare agencies donated 24 t of supplies, 7.25 t of food, 8 t of clothing, and 0.25 t of other supplies, as well as 38,675 gift parcels. Relief shipments between June 1946 and December 1948 totaled \$35,850,260. CARE contributed \$14,898,775, CRALOG \$13,954,981, the League of International Red Cross Societies \$4,297,826, and Swiss welfare agencies 2,698,678.⁷⁶²

⁷⁵⁹ Ibid. 64.

⁷⁶⁰ Ibid. 63.

⁷⁶¹ Ibid. 73.

⁷⁶² Ibid. 20.

February 1949 (Report No. 44)

The index of industrial production did not change considerably from January. Notwithstanding the increase in the production of goods of all kinds since the currency reform, customers still had less merchandise to buy. With a production deficit of twenty per cent to the 1936 standard and a population increase of twenty-five per cent, the “February rate of output per capita was about 35 percent less than in 1936.”⁷⁶³ The February production rates ranged from sixty-four per cent for the Stone & Earth industries to 172 per cent for Electrical Equipment Industries.⁷⁶⁴

The food ration composition did not change in February. According to the *Ernährungsamt* Stuttgart, the average food ration for 1949 provided 1,811 cal./day, with January at 1,774 calories, February at 1,685 calories, and March at 1,764 calories.⁷⁶⁵ The food imported in February amounted to 497,535 t, a decline of 59,505 t from January. The value stood at \$67.2 million. The price tag for a ton of mixed February import accounted for \$135.07. The \$67.2 million cost was divided among GARIOA with \$32.9 million, ECA with \$13.8 million, JEIA \$18.1 million, UK agencies with \$0.3 million, and IRO with \$2.1 million.⁷⁶⁶

February exports from the Bizone amounted to \$82 million. The preliminary import deliveries (Category A and B) reached \$113.4 million. The payments were split between GARIOA funds, JEIA funds, and ERP funds. GARIOA funds paid \$40.4 million for foods and seeds and \$3 million for POL products, a total of \$43.4 million, JEIA funds covered \$45 million, and the ERP paid \$25 million.⁷⁶⁷ Subtracting from the GARIOA sum of \$40.4 million for food and seeds the GARIOA part of \$32.9 million for the food import, the remaining \$7.5 million had

⁷⁶³ *Monthly Report of the Military Governor U.S. Zone*, No. 44, February 1949. 62.

⁷⁶⁴ *Ibid.* 63.

⁷⁶⁵ Stadtarchiv Stuttgart, Bestand 21/1, Signatur 9, Ernährungsamt, Anlage 48.

⁷⁶⁶ *Monthly Report of the Military Governor U.S. Zone*, No. 44, February 1944. 76.

⁷⁶⁷ *Ibid.* 100.

to be paid for seed imports. Considering the spring sowing season, the \$7.5 million seemed appropriate. Arriving relief supplies in February consisted of 733 t CRALOG supplies, 48 t League of Red Cross Societies, 94,714 CARE packages, and 116 t of supplies from Swiss welfare agencies.⁷⁶⁸

March 1949 (Report No. 45)

The twenty-seven working days of March pushed the industrial production to eighty-nine per cent of the 1936 rate. Based on the number of working days per month the industrial output remained constant during the first quarter, abandoning the path of rapid growth since the currency reform.⁷⁶⁹

“Notable improvements were made in the food rations...,”⁷⁷⁰ according to Report No. 45. The fat ration increased from 625 g to 750 g, and the meat ration from 400 g to 600 g. One has to remember these were the amounts of fat and meat of four weeks for a normal adult consumer, not for a day!

The food imports into the Bizone counted 544,276 t, at a price tag of \$63,770,000, resulting in a price per ton of mixed food of \$117.16. The monthly bill was split among GARIOA with \$34,130,000, ECA funded \$14,790,000, and JEIA with \$12,020,000. British agencies contributed \$870,000 and the IRO paid \$1,960,000.⁷⁷¹

The March shipment of CRALOG consisted of 438 t of food, 207 t of clothing, and 24 t of other supplies. 62,002 Care packages found their beneficiaries. The League of Red cross

⁷⁶⁸ Ibid. 19.

⁷⁶⁹ *Monthly Report of the Military Governor U.S. Zone*, No. 45, March 1949. 61.

⁷⁷⁰ Ibid. 73.

⁷⁷¹ Ibid.

Societies took part with 52 t of supplies and Swiss welfare agencies delivered 24 t of food, 5 t of clothing, and 386 t of miscellaneous supplies, as well as 27,175 gift parcels.⁷⁷²

April 1949 (Report No. 46)

The industrial output per working day did not change from January to April 1949. The value of ECA-financed April imports into the Bizone amounted to \$19.13 million for different kinds of food and \$24.13 million for industrial goods used to produce exportable products.⁷⁷³

The monthly food imports added up to 662,380 t in April. The bill of \$83,062,736 was charged to Germany's ballooning debt. The price for a ton of mixed food imported was \$125.40. The bill was shared between GARIOA paying \$30,700,929, ECA paying \$32,986,878, JEIA contributing \$14,679,544, while the British part amounted to \$3,583,082 and IRO paid the balance of \$1,112,313.⁷⁷⁴

Starting in May the food rations would be equalized between the Bizone and the French Zone. Uniform ration cards were issued for the month of May. Also a three zones program for food, seeds, and fertilizer procurement was drafted for the fiscal year 1949/50. The programs expenses were estimated at \$945,037,000 for the Bizone and \$110,915,000 for the French Zone.⁷⁷⁵

During April CRALOG donated 1,519 t of food, 64 t of clothing, and 97 t of other supplies. Swiss welfare agencies contributed 89 t of food, 1 t of clothing, and 6 t of other things and delivered 38,588 gift parcels. CARE packages numbered 65,018 in April. The League of Red Cross Societies sent 26 t of supplies.⁷⁷⁶

⁷⁷² Ibid. 18.

⁷⁷³ *Monthly Report of the Military Governor U.S. Zone*, No. 46, April 1949. 63.

⁷⁷⁴ Ibid. 83.

⁷⁷⁵ Ibid. 90-1.

⁷⁷⁶ Ibid. 22-3.

May 1949 (Report No. 47)

The May industrial production climbed to eighty-seven per cent. The industrial index stayed constantly above eighty per cent of the 1936 base line for 1949.⁷⁷⁷ ECA- financed imports from April 1948 to May 1949 accounted for a total of \$248,663,000. Food and agricultural imports cost \$150,601,000, sixty per cent of the total, whereas the industrial imports accounted for \$98,062,000, a forty per cent share.⁷⁷⁸ However, ECA's financed June imports summed up to a total of \$20,604,000. The industrial imports nearly doubled the food/agricultural imports with \$13,225,000 and \$7,379,000, a desired tendency.⁷⁷⁹

Uniform ration cards were issued in the Bizone and the French Zone, a first step for West Germany. Fruits were derationed in May like the potatoes in December 1948, while meat and cheese rations were increased. 556,500 t of food were imported in May into the Bizone at a cost of \$73,762,900, with an average price of \$132.55 per ton of mixed food. GARIOA shouldered \$32,857,700 of the price, ECA paid \$10,769,800, and JEIA's share amounted to \$28,111,700. Great Britain's bill was \$1,368,500, while the IRO paid \$655,200.⁷⁸⁰

The quantity of the May food import was comparable to the January-May average of 565,100 t, as well as with the 1948 monthly average of 569,600 t.⁷⁸¹ The May exports of the Bizone of \$96 million consisted of \$57.4 million for general exports and \$30.6 million for staple exports. Invisible exports amounted to \$8 million.⁷⁸²

CRALOG shipped 480.5 t of supplies, with 278.5 t of food, 142 t of clothing, and 60 t of miscellaneous items. CARE supplied 80,449 packages and Swiss welfare agencies brought in

⁷⁷⁷ *Monthly Report of the Military Governor U.S. Zone*, No. 47, May 1949. 77.

⁷⁷⁸ Ibid. 76.

⁷⁷⁹ Ibid. 72.

⁷⁸⁰ Ibid. 89.

⁷⁸¹ Ibid. 90.

⁷⁸² Ibid. 114.

27.5 t of supplies, consisting of 12 t of food and 14.5 t of miscellaneous items. The League of Red Cross Societies sent 6.5 t of bulk supplies.⁷⁸³

June 1949 (Report No. 48)

According to the number of working days in June, the production slowed down to eighty-six per cent, three percentage points less than in May.⁷⁸⁴ However, the mining industry (without coal), the vehicle manufacturing, the stone & earth industry, and the chemical industry recorded gains.

The monthly food imports impressed with 603,170 t, having a price tag of \$77,777,195 attached. The price of \$128.95 per ton of mixed food was in the price range of earlier imports. GARIOA paid \$38,477,774, the ECA share added up to \$8,613,913, JEIA took over with \$27,812,908, British agencies shelled out \$1,703,115, and the IRO share amounted to \$1,169,485.⁷⁸⁵ The imports consisted of 323,700 t of bread grains, 84,000 t of coarse grains, 33,900 t of fat and oil, 15,700 t of oilseeds, 15,400 t of fodder, 700 t of meat, 3,000 t of cheese, 3,300 t of dried and condensed milk, 14,900 t of fish, 6,400 t of dried fruits, 15,000 t of fresh fruits, 1,900 t of pulses, 43,600 t of sugar, 10,800 tons of fresh vegetables, 18,200 t of potato flour, and 12,670 t of miscellaneous food items.⁷⁸⁶

The bizonal exports of June had a value of \$103 million, with general exports at \$54 million and coal exports at \$33 million.⁷⁸⁷ Imports reached \$164.2 million. They were financed by JEIA funds of \$96.2 million, by ECA funds of \$24 million, and by other appropriated funds

⁷⁸³ Ibid. 20-1.

⁷⁸⁴ *Monthly Report of the Military Governor U.S. Zone*, No. 48, June 1949. 68.

⁷⁸⁵ Ibid. 85-6.

⁷⁸⁶ Ibid. 86.

⁷⁸⁷ Ibid. 109.

of \$44 million.⁷⁸⁸ The ratio of ECA financed imports in June was sixty-five per cent for industrial goods and thirty-five per cent for food and agricultural needs.⁷⁸⁹

The ECA-financed import program for July 1948 to June 1949 for food, agricultural needs, industrial goods, as well as freight charges totaled \$502,287,000. From this amount \$489,746,000 were authorized. Contracts were made for \$382,538,000. Up to 30 June 1949 goods of \$290,965,000, fifty-eight per cent of the programmed amount was delivered.⁷⁹⁰

Private people, represented by CRALOG spent 364 t in June, 189 t of food, 120 t of clothing, and 55 t of miscellaneous items. Swiss welfare agencies spent 70 t, with 55 t of food, 4 t of clothing, and 11 t of miscellaneous items. CARE provided 57,617 packages in June. For Berlin, CARE sent 10,000lbs of lard, 16,400lbs of milk powder, 2,000lbs of sugar, 600lbs of margarine, and 500lbs of cocoa.⁷⁹¹

July 1949 (Report No 49.)

Financial and sales difficulties caused the leveling off of the industrial upswing initiated by the currency reform and the Marshall Plan aid. Material factors for the leveling did not exist, nor bottlenecks in power supply and transportation. However, with eighty-seven per cent of the 1936 standard the month of July was one per cent ahead of June.

With minor ups and downs of the amounts of different foods, the food ration did not change in July. The food import of 663,784 t increased the German debt by \$70,267,000. With a price tag of \$105.86 per ton of mixed food it was on the lower end of the price range of imported food. Of the bill GARIOA paid \$34,006,000, ECA's part was \$17,626,000, and JEIA

⁷⁸⁸ Ibid. 111.

⁷⁸⁹ Ibid. 64.

⁷⁹⁰ Ibid. 65.

⁷⁹¹ Ibid. 17.

shouldered \$16,636,000. British agencies paid \$1,308,000 and IRO took the rest of \$691,000.⁷⁹²

Major shares of the food import consisted of 294,100 t of bread grains/flour, 194,200 t of coarse grains, 10,300 t of fish, 23,100 t of pulses, 53,200 t of sugar, and 32,100 t of fresh vegetables.

Other food items with less than 10,000 t added up to 46,700 t.⁷⁹³

More than 70,000 German families in the U.S. Zone enjoyed CARE packages in July. The residents of Bloomfield, Nebraska bought 100 CARE packages to be sent to Kamen, a city in the British Zone. Bloomfield had “adopted”⁷⁹⁴ as a sister city.

August/September 1949 (Report No. 50)

The Report No. 50 covered the last weeks of the regime of the U.S. Military Government. With Konrad Adenauer taking the chancellorship on 21 September 1949, the rule of the three High Commissioners began. In August the industrial production level arrived at ninety-one per cent of the 1936 rate, a postwar production peak. Several industrial branches surpassed the 1936 standard with indexes between 104 percent and 168 per cent.⁷⁹⁵

The August food rations changed regionally a little bit. Dry milk and condensed milk, as well as dried fruit and bananas were taken off the rationed food list. However, the prices asked for these goods were too high, the normal customer could not afford to buy them. The August food imports reached a high of 813,800 t, with major shares of bread grains/flours of 392,100 t, and coarse grains of 202,800 t. The imports had a value of \$87,422,400. The price of a ton of mixed food of this import was \$107.42. The invoice was paid by GARIOA funds of

⁷⁹² *Monthly Report of the Military Governor U.S. Zone*, No. 49, July 1949. 87.

⁷⁹³ *Ibid.* 88.

⁷⁹⁴ *Ibid.* 11.

⁷⁹⁵ *Monthly Report of the Military Governor U.S. Zone*, August -20 September 1949. 78-9.

\$54,799,200 and by ECA with \$10,262,600. JEIA added \$19,584,000 to the bill, while British agencies paid \$2,171,300 and IRO paid \$605,100.⁷⁹⁶

From April 1948 to August 1949 ECA-financed imports of food/agriculture for \$176,616,000 and industrial imports valued at \$157,354,000. Over the time span of seventeen months food/agricultural imports amounted to fifty-three per cent and the industrial imports accounted for forty-seven per cent.⁷⁹⁷ During August 1949, the ECA financed imports of \$36,386,000. The share of food/agricultural imports went down to twenty-eight per cent, while the share of industrial imports rose to seventy-two per cent.⁷⁹⁸ This shift was in compliance with the policy of the Marshall Plan to be of “self-help and mutual aid,”⁷⁹⁹ by increasing the capacities of the export producing industries so West Germany might soon be able to pay itself for the necessary food imports.

In August 1949 CRALOG shipped 208 t of food, 151 t of clothing, and 75 t of miscellaneous items to the U.S. occupied areas. CARE provided 39,954 packages. The League of Red Cross Societies sponsored 15 t of supplies and Swiss welfare agencies offered 2 t of food, one ton of clothing, and 14 t of other supplies, together with 19,499 gift parcels.⁸⁰⁰

8.7. Summary

The *Monthly Reports* of the Military Governor began enumerating the payments for food imports by different agencies with Report No. 40. The U.S. congressionally approved funds, Government Aid and Relief in Occupied Areas, providing between thirty-four and eighty-two per cent of the money for the eleven months listed in Table 16, was the major contributor.

Marshall Plan aid through ECA ranged from 2.4 per cent to thirty-eight per cent. Both agencies,

⁷⁹⁶ Ibid. 98.

⁷⁹⁷ Ibid. 77.

⁷⁹⁸ Ibid. 75.

⁷⁹⁹ Theodore A. Wilson, *The Marshall Plan 1947-1951*, 31.

⁸⁰⁰ *Monthly Report of the Military Governor U.S. Zone*, August – 20 September 1949. 17.

funded by Congress, allocated more than three times the dollar amount the remaining three agencies, the German-funded Joint Export-Import Agency, the United Kingdom's share and the International Refugee Organization IRO, could account for.

For the eleven months from October 1948 to August 1949, GARIOA and ECA dedicated \$550,966,252 compared with the share of \$182,956,247 JEIA, United Kingdom and IRO spent. The above mentioned decrease of ECA's financing of food imports is not clearly visible by the data of Table 16, however, one can notice the general tendency of JEIA's share to grow.

The economic situation in the Bizone improved enormously after the currency reform and the infusion of the Marshall Plan aid through the European Recovery Program. Food rations across the Bizone and the French Zone hovered around 2,000 calories per day. Stuttgart's residents enjoyed September 1949 rations at 2,247 calories. Potatoes, fish, as well as dried fruits and dry milk were removed from the list of rationed foods. The industrial production increased to more than ninety per cent of the 1936 base line, with several branches surpassing the limit by far.

The amount of U.S. taxpayer dollars spent on food imports was incredible. Even when subtracting the sum of \$198,664,672 paid by non-U.S. parties during October to December 1948, and in 1949, the U.S. share totaled \$2,236,595,694. Adjusted for inflation, the \$2.2 billion of 1949 would be \$22.3 billion in today's dollars.⁸⁰¹ The sum of \$2,236,595,694 was the money the United States spent solely on food for the U.S. and British occupation zones, including the U.S. and British Sectors of Berlin from the start of the occupation to August 1949. From June 1945 to December 1946 the U.S. imported 4,334,300 t of food. On average, one can assume 228,121 t of food were imported per month during the 19 months period. In 1947 the monthly

⁸⁰¹ <http://www.usinflationcalculator.com/> accessed 2015-12-19.

Table 16: Food imports into the Bizone from October 1948 to August 1949 by weight, value, source

M/Y	t	Total \$	GARIOA \$	%	ECA \$	%	JEIA \$	%	UK \$	%	IRO \$	%
10/48	386,499	44,023,735	32,964,268	75	23,757,400	8.5	1,056,190	2.4	3,070,877	7	1,017,498	2.3
11/48	515,000	58,677,000	48,115,140	82	-	-	7,628,010	13	2,933,850	5	-	-
12/48	472,314	56,794,000	33,078,000	60	13,901,000	24.5	3,470,000	6	4,858,000	8.5	587,000	1
1/49	557,040	70,500,000	38,000,000	54	15,000,000	21.3	14,000,000	20	3,000,000	4.3	500,000	0.7
2/49	497,535	67,200,000	32,900,000	50	13,800,000	20.5	18,100,000	27	300,000	0.5	2,100,000	3.1
3/49	544,276	63,770,000	34,130,000	53.5	14,790,000	23	12,020,000	19	870,000	1.4	1,960,000	3
4/49	662,380	83,062,736	30,700,929	37	32,986,878	40	14,679,544	17.7	3,583,082	4.3	1,112,313	1.3
5/49	556,500	73,762,900	32,857,700	44.5	10,769,800	14.6	28,111,700	38	1,368,500	1.9	655,200	0.9
6/49	603,170	77,777,195	38,477,774	49.5	8,613,913	11	27,812,908	35.8	1,703,115	2.2	1,169,485	1.5
7/49	663,784	70,267,000	34,006,000	48.4	17,626,000	25	16,636,000	23.7	1,308,000	1.9	691,000	1
8/49	813,800	87,422,400	54,799,200	62.7	10,262,600	11.7	19,584,000	22.4	2,171,300	2.5	605,100	0.7
Total	6,272,298	743,256,966	410,929,011		140,037,241		163,098,352		25,166,724		9,792,496	

GARIOA Government Aid and Relief in Occupied Areas
 ECA Economic Cooperation Administration
 JEIA Joint Export-Import Agency
 UK United Kingdom procurement Agencies
 IRO International Refugee Organization

Source: Monthly Reports of the Military Governor U.S. Zone No. 40 – 50, October 1948 to August – 20 September 1949
 Some data in row one may be incorrect, the calculated percentages do not add up to 100 per cent.
 Due to rounding the percentages of the following rows may not perfectly add up to 100 per cent.

average increased to 264,817 t. The 1948 monthly average jumped to 559,888 t, and in 1949 to even higher 612,311 t per month. The 1945/46 food imports one could attribute to the punishing phase of the U.S. policy toward Germany. Secretary of State Byrnes' speech initiated the change from punishment to encouragement, followed by the creation of the Bizone and the new JCS Directive 1779. However, the real push to Germany's economic revival started with the aid infused by the European Recovery Program and the currency reform of 1948.

The German Government reported that \$848.7 million in Marshall Plan aid in form of credits was agreed upon up to 30 December 1949. Delivered imports to this date amounted to \$563.2 million, with Category A imports of \$273.5 million, Category B imports of \$242 million, and freight charges of \$46.8 million. The total dollar amount approved for the time span 1 April

Table 17: U.S. taxpayer dollars spent on food imports

Year	t	\$	Amount paid by JEIA, UK, IRO
1946*	4,334,300	476,000,000	-
1947	3,177,800	516,000,000	-
1948**	6,718,661	849,498,135	15,708,425
1949***	4,898,485	593,762,231	182,956,247
Total	19,129,246	2,435,260,366	198,664,672

* including 1945

** for October to December JEIA, UK, and IRO contributors

*** January to August 1949, JEIA, UK, and IRO contributors

Source: Data from Monthly Reports No. 1 – No. 50

1948 to 30 June 1950 (the Marshall Plan year was the U.S. fiscal year, 1 July to 30 June) added up to \$945.7 million.⁸⁰² To the Marshall Plan aid of \$945.7 million one had to add to the amount of \$2,236.6 million (Table 17 total dollars minus JEIA, UK, IRO payments) for food imports

⁸⁰² Stadtarchiv Stuttgart, Bestand 21/1, Signatur 21, Erster Bericht der Deutschen Bundesregierung über die Durchführung des Marshallplanes, 1. Oktober 1949 bis 31. Dezember 1949. 29.

from 1945 to August 1949. German liabilities grew to more than \$3 billion to the United States by 30 June 1950, a severe burden for the new state.

Chapter 9: The big picture: Occupation costs versus Allied aid

9.1. Introduction

It is difficult to get a general idea about the amounts of money, goods and services Germany paid as occupation costs for the Allied Forces stationed in their occupation zones, for the dismantling of plants for reparations, and for forced exports of timber and hard coal. The Allied failure to treat Germany as an economic unit resulted in four economically separated units with four different occupation concepts, and therefore with differing standards concerning occupation costs, reparations, looting and requisitions, and other expenses levied. Reliable data from the Soviet occupation zone were not available for the early years, estimates had to complete the big picture of Germany's liabilities. The earlier data presented in chapter 6 and 7, regarding the city of Stuttgart, as well as the single state of Württemberg-Baden, do not necessarily represent the U.S. Zone, nor the British or French zones. For a bigger picture of occupation costs data, one must examine zonal and bizonal data, and later West German data.

The authors presented in the chapter approached the question of reparations and occupation costs of the Allied governments from different angles. Costs and categories admitted by one author, another author refuses to take into account. Adding to the confusion, as well as computing differing amounts of money are pegged in similar accounts or categories. Further difficulties are the results of using various exchange rates between *Reichsmark/Deutsche Mark* and Dollar, or not mentioning an exchange rate or the value of a currency related to time.

Based on these differences it will be difficult or even impossible to make comparisons of exact amounts of money. However, related to the large dimensions of costs and of aid, general appraisals are possible. Such appraisals can present an image of the burden West Germany bore

and of the aid Western Allies were willing to provide. If the aid was given for humanitarian reasons or forced by political changes is not the question to be answered here.

9.2. A German balance sheet

The Senator for Economy of the city-state of Bremen published in 1948 a comprehensive memorandum as to the state of the German economy. The memorandum, ordered by the *Länderrat* of the U.S. Zone, was the first official effort to compile a list of German postwar liabilities in favor of the Allies and liberated countries. The expertise, a collective attempt of experts, of scientific institutions, of public administrations, and private organizations like chambers of commerce, of trade and of industry, tried to set up a balance sheet of Germany's situation and losses after the war.⁸⁰³ The memorandum covered all occupation zones. The lack of reliable official data from several occupation zones, caused in many cases gaps to be closed by estimates, emphasizing the subtitle of the memorandum "attempt of an economic balance." Based on prewar economic data, the memorandum described the postwar economic situation, the planned deindustrialization, the level of industry permitted and the reparations Germany had to deliver. Attachment XII of the memorandum enumerated the goods and services Germany had delivered so far. The calculations were predominantly based on prewar prices and an exchange rate of *Reichsmark* 2.50 to one dollar (1938). Attachment XII differentiated the generated goods and services into four groups: a. extractions from German national wealth, b. benefits from current production, c. other extractions, and d. loss of assets of expelled ethnic Germans.

The general objective of Senator Harmssen's memorandum was to demonstrate that Germany had generated more reparations than requested by the Allies and would not be able to

⁸⁰³ G.W. Harmssen, *Reparationen, Sozialprodukt, Lebensstandard. Versuch einer Wirtschaftsbilanz*. Heft 1 bis 4. Bremen: Friedrich Trüben Verlag, 1948.

Table 18: Previous goods and services provided for the benefit of the Allies by Germany

a. Extractions from national wealth	Billion RM	Billion \$
Confiscated foreign assets	9.75	3.9
Value of Eastern Germany and of the Saar region	70.00	28.0
Removed industrial equipment	12.50	5.0
Forced export of timber	1.00	0.4
Skimming of taxes caused by veiled reparations in the Soviet Zone	4.50	1.8
Loss of public assets	1.00	0.4
Confiscated German gold portfolio	0.75	0.3
Confiscated Merchant marine	0.50	0.2
b. Goods/services from current production		
Reparations from current production (French/Soviet Zone)	5.00	2.0
Forced export of hard coal	0.50	0.2
Skimming of taxes by veiled reparations in the Soviet Zone	4.50	1.8
c. Other services		
Value of German patents, production methods	12.50	5.0
Labor of German prisoners of war	5.00	2.0
Packing and shipping of reparation material	8.00	3.2
Losses through currency manipulations	1.75	0.7
d. Other losses		
Loss of assets of expelled ethnic Germans	40.50	16.2
Total	177.75	71.1

Source: G.W. Harmssen, *Reparationen, Sozialprodukt, Lebensstandard, Versuch einer Wirtschaftsbilanz*, Anlage XII, Heft 1. 89.

deliver more. It was the understandable situation in which a debtor tried to convince the creditor of his further inability to provide more reparations. However, some listed categories and numbers were questionable and seemingly exaggerated. Reparations, as defined by Jörg Fisch, in his *Reparationen nach dem Zweiten Weltkrieg*, means that the “defeated are working for the victors... putting the products of their work at the victors disposal.”⁸⁰⁴ According to Jörg Fisch, annexations of territories of the defeated are not counted as reparations. The people of the

⁸⁰⁴ Jörg Fisch, *Reparationen nach dem Zweiten Weltkrieg*, (München: Verlag C.H. Beck, 1992.) 18.

annexed territory⁸⁰⁵ are no longer citizens of the defeated Germany and cannot produce reparations for the account of the defeated. If the population was expelled perhaps part of their belongings left behind could be counted as reparations, as well as the goods they would/could produce in their home state.

Willi A. Boelke, Professor of Social and Economic History,⁸⁰⁶ also carefully differentiated between annexations and reparations in his book, *Die Kosten von Hitlers Krieg*. However, he estimated the losses of privately owned assets of the nine million expellees/refugees settled in West Germany at RM 75 billion, nearly twice as high as the loss of assets of the expelled ethnic Germans Senator Harmssen listed.⁸⁰⁷ In an early review of Senator Harmssen's memorandum, the reviewer, J. Herbert Furth sharply criticized the admission of the value of the ceded territories, as well as the admission of the value of the "property of ethnic Germans who were not German citizens,"⁸⁰⁸ in the calculation, altogether reducing Senator Harmssen's bill by RM 110.5 billions, respective \$44.2 billion. Additionally, all three, Fisch, Boelcke, and Furth criticized the overly generous estimates of the value of patents and production methods, of the removed industrial equipment, and of the confiscated foreign assets.

However, numbers and categories listed in the memorandum provided a prospect of the dimension of Germany's liabilities face to face with the Allies and the liberated countries. In the memorandum the senator did not touch on the problem of occupation costs, of the goods and services, sometimes cash payments the occupation forces requested. The categories listed in Table 18, as well as the goods and services provided to the forces stationed on German soil, made up the total bill presented to the Germans after the war.

⁸⁰⁵ Annexed territories were East Prussia, Silesia, and parts of Pomerania and Brandenburg

⁸⁰⁶ Willi A. Boelke, *Die Kosten von Hitlers Krieg*. (Paderborn: Ferdinand Schöningh, 1985). 161.

⁸⁰⁷ Ibid. 166.

⁸⁰⁸ J. Herbert Furth, review, "Reparationen, Sozialprodukt, Lebensstandard: Versuch einer Wirtschaftsbilanz," by G.W. Harmssen, *The American Economic Review*, Vol. 38, No. 5 (Dec., 1948). 928.

It had to be expected that victors and defeated defined the term occupation costs, differently. The in-depth analysis of the *Institut für Besatzungsfragen* at the University of Tübingen titled *Occupation costs, are they a defence contribution?* (1951) defined occupation costs as,

the total amount of payments made by Western Germany with respect to the occupation and met from the public budget... Such payments, as a rule, represented by payments of compensation to Germans, who are under an obligation to deliver goods or render services to the Occupation authorities, for the discharge of such obligations. It is only to a relatively small extent that the Occupation Powers have demanded payments in cash.⁸⁰⁹

According to the analysis, the Allies did not recognize the protective provisions of Article 52 of the Hague Convention of 1907 (see Chapter 6.2., Stuttgart's occupation costs at a glance), based on "the special nature of the present occupation of Germany."⁸¹⁰ Table 19 presented the occupation costs the three western occupation zones paid for goods and services from fiscal year 1945 to 1949, with an estimate for the occupation costs for fiscal year 1950.

The analysis broke down the occupation costs into two major categories, into straight occupation costs accepted by the Allies, and into mandatory expenditures the German authorities counted as occupation costs, too. Occupation costs for 1949 (approximately DM 4 billion) were further subdivided into thirteen subgroups and as a share of the total amount. Interestingly, the major expense of the occupation costs were paid for wages and salaries of 445,000 Germans employed by the occupation authorities, amounting to DM 1.33 billion in fiscal year 1949. Allied forces were, well into the 1950s, the largest employer in West Germany. At the regional level, as well as at the federal level, the expenditures for the occupation forces acted as a

⁸⁰⁹ Institut für Besatzungsfragen, *Occupation costs, are they a defence contribution?* (Tübingen: J.C.B. Mohr, 1951).

5.

⁸¹⁰ Ibid. 6.

Table 19: Occupation costs up to 31.3.1950 (in RM/DM)

Fiscal Year	British Zone	U.S. Zone	French Zone	West German Territory
1945	1,258,000,000	653,000,000	117,000,000	2,028,000,000
1946	2,462,000,000	1,604,000,000	1,007,000,000	5,073,000,000
1947	2,785,000,000	1,968,000,000	773,000,000	5,526,000,000
1948	2,056,000,000	1,995,000,000	544,000,000	4,594,000,000
1949	1,855,000,000	1,661,000,000	510,000,000*	4,027,000,000
Total	10,416,000,000	7,882,000,000	2,950,000,000	21,248,000,000
1950 Estimate				4,557,000,000

* Cash payments amounting to DM 81 million are not included

Discrepancies in these sums are due to adjustment to approximate round figures.

Source: Institut für Besatzungsleistungen, *Occupation costs, are they a defence contribution?* 7.

stimulus for the West German economy.⁸¹¹ This argument was valid even more so from 1945 to 1948, when the U.S. Military Government alone employed more than 500,000 German nationals and Displaced Persons when the German economy could not offer adequate employment.

Senator Harmssen's memorandum referenced reparations and confiscations, based on partially unrealistic categories and overrated assessments grounded on the few reliable data available in 1947. The analysis of the *Institut für Besatzungsfragen*, in contrast, used officially provided Allied and German numbers and data, leaving little tolerance for differing interpretations.

⁸¹¹ Hubert Zimmermann, "Der Konflikt um die Kosten des Kalten Krieges: Besatzungskosten, Stationierungskosten, Devisenausgleich," in *Die USA und Deutschland im Zeitalter des Kalten Krieges 1945-1990, Ein Handbuch*, herausgegeben von Detlef Junker, Philipp Gassert, Wilfried Mausbach, David B. Morris. (Stuttgart: Deutsche Verlags Anstalt, 2001). 517.

Table 20: Classification of Occupation Costs in Fiscal Year 1949

	DM (Million)	% of Occupation Costs or Mandatory Expenditures
<i>I. Occupation Costs</i>		
1. Labor services	1,333	40
2. Provisions, maintenance, accommodations	341	10
3. Stores, Supplies, Services	1,097	33
4. Transportation	228	7
5. Communications	93	3
6. Occupation damage (claims)	13	0
7. Cash payments	248	7
Total I	3,354	100
<i>II. Mandatory Expenditures</i>		
1. Care/maintenance of DPs	321	48
2. Prisoners of War	13	2
3. Civil internees	2	0
4. Subsidiary costs in connection with reparations/restitutions	126	19
5. Subsidiary costs of demilitarization	63	9
6. Other mandatory expenditures	147	22
Total II	672	100
Total I and II	4,027	

Discrepancies are due to adjustment to the approximate round figure

Source: Institut für Besatzungsleistungen, *Occupation costs, are they a defence contribution?* 10.

How did other authors and sources approach the relation between Senator Harmssen's RM 177.75 billion of reparations and the RM/DM 21.248 billion of occupation costs of Table 19? How did they correlate Germany's liabilities and the aid the western occupation powers provided during the occupation, not only "to prevent disease and unrest,"⁸¹² but also to prevent

⁸¹² Directive to the Commander in Chief of U.S. Forces of Occupation regarding the Military Government of Germany, JCS 1067/6, April 26, 1945, Part I, No. 5a.

starvation and to initiate the delayed quick start of the German economy by the currency reform and the infusion of the Marshall Plan aid?

The economist, Henry C. Wallich, described the dilemma of Allied policies toward Germany. In *Mainspring of the German Revival*, he stated,

while they added resources to the German economy through foreign aid, they also withdrew them through reparations, restitutions, occupation costs, and other channels. While they pushed counterpart investment they also dismantled. They stimulated trade through liberalization but at the same time put tight controls on East-West trade. Moreover, with the shift in the goals of occupation and in the balance of power the importance of some of these policies and purposes also changed. Reform, which originally had had high priority, lost ground as compared with reconstruction.⁸¹³

The “Level of Industry Plan,” March 1946, targeted about 1,500 plants for dismantling. With the changing political climate, the number decreased to less than 700 plants. The Inter-Allied Reparation Agency (IARA) attached a price of DM 708.5 million at 1938 prices to the dismantled plants.⁸¹⁴ Wallich argued that “allowing for a near doubling of prices since 1938, for an especially severe depreciation schedule applied by the Allies, for the loss of some buildings, and for original installation costs, one arrives at an estimate of the order of 2 billion DMark,”⁸¹⁵ for the West German reparations.

Under external assets he enumerated all German property in foreign countries “such as branches of German firms, patents and trademarks, merchant vessels, and German participation in local enterprises.”⁸¹⁶ The value of external assets he estimated at \$260 million in 1938 prices. Price increases since 1938, as well as assumedly under reporting of the respective governments to IARA, Wallich assumed \$1 billion as an appropriate value of the German foreign assets.

⁸¹³ Henry C. Wallich, *Mainsprings of the German Revival*. (New Haven: Yale University Press, 1955). 354.

⁸¹⁴ Ibid. 358.

⁸¹⁵ Ibid. 370.

⁸¹⁶ Ibid. 359.

For external restitutions from the U.S. Zone alone, he calculated \$70 million in 1938 prices, or accordingly \$140 million in postwar prices. The losses of \$4-5 per ton from forced coal exports of 23 million tons added up to at least \$100 million he concluded.⁸¹⁷ Concerning occupation costs, Wallich did not mention occupation costs from 1945 to 1949. He only noted the occupation costs of 1950, paid by the federal government. The total of DM 7.2 billion per year, was unilaterally set by the Allies. Without the occupation costs from 1945-1949, and the 1950 charge, Wallich calculated the German liabilities at \$3.240 billion.

The three Western Allies spent \$4.4 billion on aid to West Germany. Great Britain's share amounted to £200 million, or \$800 million, and the French government participated with \$15 million. Of the \$4.4 billion of foreign aid, \$1.7 billion from the United States, as well as the £800 million and \$15 million from France were used to import under the GARIOA program, Category A supplies. Category A supplies, mentioned before, were foodstuffs, small amounts of seeds and fertilizer, as well as some POL products. These imports from 1945 to 1948 kept the Germans alive without the means to import the essential food by its own exports. The total Marshall Plan aid and post-Marshall Plan aid up to October 1954 amounted to \$2 billion.

Sir Alec Cairncross, the British economist, reported in *The Price of War, British Policy on German Reparations*, that the Inter-Allied Reparations Agency (IARA) allocated to the recipients reparations valued at \$502.3 million from the three western occupation zones. He emphasized that the IARA figures were considerably understating the value of reparations, citing in a footnote a remark to write “down the average real monetary value of industrial capital equipment, even on a 1938 basis, by at least two-thirds.”⁸¹⁸ In addition, he noted, the Allies took “war booty, armaments of all kinds (including what survived of the German Navy), gold, stocks

⁸¹⁷ Ibid. 362.

⁸¹⁸ Alec Cairncross, *The Price of War, British Policy on German Reparations 1941-1949*. (Oxford: Basil Blackwell, 1986.) 190.

of raw materials, patents and trade secrets, German external assets held in the belligerent countries, the services of prisoners of war and a good deal of miscellaneous research equipment,”⁸¹⁹ without applying a monetary value to it. Germany, according to Cairncross, estimated its foreign assets at RM 10 billion, approximately \$3 billion. Of this amount the Western Allies claimed to have taken “\$400 million, IARA distributed \$269 million and the USSR seized at least as much. But the total reported falls short of \$3 billion and this may be due in part to undervaluation.”⁸²⁰

Table 21: Reparations from Western Zones allocated by IARA

	\$ Million
German external assets (in neutral hands)	269
Industrial capital equipment	143.5
Shipping	44.1
Captured enemy supplies	14.7
Reciprocal deliveries from USSR	1.5
Other	17.5
Total	502.3

Source: Alec Cairncross, *The Price of War*. 190.

In addition, Alec Cairncross, without attaching a monetary value, mentioned expressly the forced exports of timber and hard coal to Allied and liberated countries for “some considerable time without payment and eventually at an export price far below of alternative supplies.”⁸²¹ Starting in mid 1946, the German exporter received \$8 per ton of hard coal. Alec Cairncross calculated that the labor of the 400,000 to 500,000 British and Commonwealth prisoners of war, the French prisoners of war numbered close to one million, by “adopt[ing]

⁸¹⁹ Ibid. 189.

⁸²⁰ Ibid. 190.

⁸²¹ Ibid. 192. Also Werner Abelshauser, *Wirtschaft in Westdeutschland 1945-1948*. (Stuttgart: Deutsche Verlags Anstalt. 1975). 143.

Keynes's assumption of £40 per head per year [of earnings],⁸²² the value of the labor would reach if not surpass the value of the reparations in kind. However high the value of reparations had been, Alec Cairncross was convinced that the outside aid for Germany, listed by him at \$4 billion, dwarfed the reparations, the lost money from coal and timber exports, as well as the hypothetical earnings of the German prisoners of war, without considering the burden of occupation costs.

Michael Balfour, a British historian and a former member of the British Military Government in Germany, summarized the German survival and revival as the product of "hard work and generosity [by] the Americans, [who] had given \$11,300 million [in aid] to Europe before the Marshall Plan came into operation, while US relief agencies spent \$29 million from private sources between 1946 and 1948."⁸²³ Balfour argued that the Marshall Plan aid of \$1,389 million given to western Germany triggered the unprecedented revival of the bizonal economy during four crucial years following the currency reform of June 1948. Of an economy whose "industrial equipment was less seriously affected by the war and the reparations programme than was popularly supposed."⁸²⁴ Balfour supported Werner Abelshauser's conclusion that prior to the currency reform the economy of the Bizone was shaped by two upswings. Transportation limits and infrastructure damage killed the first upswing during the hard winter 1946/47, while the second upswing 1947/48 proved to be successful despite little outside support.⁸²⁵ With the infusion of the Marshall Plan aid the West German economy started its lasting success.

Michael Balfour claimed the invalidity of the argument that West Germany's economic success was due to the non-existence of defence expenditures during the early years. However,

⁸²² Alec Cairncross, *The Price of War*. 193.

⁸²³ Michael Balfour, *West Germany, a Contemporary History*. (London: Croom Helm, 1982). 134-5.

⁸²⁴ Ibid. 145.

⁸²⁵ Werner Abelshauser, *Wirtschaft in Westdeutschland 1945-1948*. 168.

according to Balfour, the United States, Great Britain, and France charged West Germany for their protection by levying non-negotiable occupation costs. The charges amounted in 1950 to “37.5 per cent of [West Germany’s] budget and 4.6 per cent of her GNP [Gross National Product], while in 1951 the figures rose to 42.6 per cent and 6.4 per cent respectively.”⁸²⁶ The federal budget of fiscal year 1950/51 closed with expenditures of DM 12,294 million. A share of 37.5 per cent of DM 12,394 million amounted to DM 4,648 million in occupation costs, the so-called defence contribution of West Germany, rising in the next year to 42.6 per cent and DM 7,776 million of a budget of DM 18,253 million,⁸²⁷ contradicting the argument that missing defence contributions enabled the growth of the West German economy by the Marshall Plan aid.

Table 22: Dismantling in West Germany 1945-1950

Year	Million RM	per cent
1945	25	3
1946	96	11
1947	155	17
1948	148	16
1949	188	21
1950	288	32
Total	900	100

Source: Gerd Hardach, *Der Marshall-Plan*. 85.

Gerd Hardach reported in *Der Marshall-Plan* about reparations through dismantling of industrial capital equipment of RM 900 million. More than fifty per cent of the sum was dismantled in the last two years of the occupation. He assumed that especially the British took so-called competitive reparations to eliminate Germany as a competitor on the world market. To

⁸²⁶ Michael Balfour, *West Germany, a Contemporary History*. 145-6.

⁸²⁷ Wilhelmine Dreissig. “Die Abschlussergebnisse des Bundeshaushalts für die Rechnungsjahre 1949/50 bis 1954/55,” in *Finance Archiv/Public Finance Analysis* 16.3 (1955): 382.

the RM 900 million at 1938 prices of dismantled capital equipment Hardach added RM 100 million for reparations by the Soviets in West Berlin and the value of the merchant marine at RM 173 million.⁸²⁸ He did not mention occupation costs at all.

Table 23: United States aid for West Germany (in million dollar)

Year	ERP-Funds	ERP-Imports	GARIO-Imports
1946/47	-	-	263
1947/48	-	-	580
1948/49	614	388	579
1949/50	457	416	198
1950/51	385	479	-
1951/52	130	277	-
Total	1,585	1,560	1,620

Source: Gerd Hardach, *Der Marshall-Plan*. 221.

Comparing the sum of RM 1.173 billion for the reparations Hardach listed, the dollar amounts of Table 23 demonstrated that the outside aid by far surpassed the reparations West Germany had to deliver. However, how the picture will change when occupation costs are added will be seen later.

In *Die Kosten von Hitlers Krieg*, Willi A. Boelcke, a social and economic historian, analyzed in depth Germany's postwar economic situation. In a general résumé he listed as losses the ceding of territories – East Prussia, Silesia, parts of Pomerania and Brandenburg in the East and the Saar territory in the West, the damages caused by air and land warfare, requisitions and confiscations, reparations, the overexploitation of the agriculture, the decapitalisation of the economy, the decrease of human productivity thereby the reduction of profitability, however,

⁸²⁸ Gerd Hardach, *Der Marshall-Plan*. (München: Deutscher Taschenbuch Verlag, 1994). 84-5.

without attaching a monetary value, as well as the forfeiture of German foreign assets estimated at RM 10 billion. Furthermore, Germany had to pay imposed occupation costs.

The occupation costs stressed the public budgets of the *Länder* in the four occupation zones differently. Boelcke calculated occupation costs per resident of RM 122 in the U.S. Zone, of RM 124 in the British Zone, of RM 194 in the French Zone, and of RM 145 for the city of Berlin.⁸²⁹ At the beginning the imposed occupation costs exceeded by far the frame of the *Länder* budgets. To increase the revenues of the *Länder* the Allied Control Council raised taxes. Starting in April 1946 the income tax increased drastically, followed a little bit later by the increase of the most important excise taxes, making Germany “the highest taxed country in the world,”⁸³⁰ according to Boelcke.

Willi A. Boelcke’s calculations of occupation costs and mandatory costs are very close to the figures calculated by the *Institut für Besatzungsfragen* of the University of Tübingen in Table 19. Boelcke split the year 1948 in the first quarter paid in RM and in the second to fourth quarter paid in the new currency DM.

Table 24: Occupation costs and mandatory costs of the occupation zones (Million RM/DM)

Year	U.S. Zone	British Zone	French Zone	Total
1945	653.2	1,257.9	116.8	2,027.9
1946	1,604.1	2,462.2	1,007.0	5,073.3
1947	1,967.9	2,784.9	772.8	5,525.6
1948 (I)	779.3	425.5	113.0	1,317.8
1948 (II-IV)	1,154.8	1,530.3	368.9	3,054.0
1949	1,577.0	1,666.0	506.0	3,749.0
Total	7,736.3	10,126.8	2,884.5	20,747.6

Source: Willi A. Boelcke, *Die Kosten von Hitlers Krieg*. 163.

⁸²⁹ Willi A. Boelcke, *Die Kosten von Hitlers Krieg*. (Paderborn: Schöningh, 1985.) 163.

⁸³⁰ Ibid. 167.

Interestingly, Boelcke specified some expenditures of the demilitarization program—in Table 20 classified as subsidiary costs of demilitarization. He itemized the expenses for mine sweeping in German coastal waters 1945/46 at RM 140 million; payments for disarmed German forces and units in the British Zone at RM 536.2 million; and for the detection of unexploded ordnance devices RM 29.7 million, a total of RM 705.7 million from 1945 to 1947.

Table 25: West German import funding by external aid 1945-1948

Year	Import (\$ million)	External aid (\$ million)	%-Share of external aid
1945	96	64	66
1946	689	468	68
1947	843	600	71
1948	1,588	1,026	64

Source: Willi A. Boelcke, *Die Kosten von Hitlers Krieg*. 184.

With reference to outside aid, W. Boelcke stated that the “lions share of imports into the U.S. Zone, the British Zone, and the French Zone were desperately needed foodstuffs.”⁸³¹ The trade balances of the American and British occupation zones were negative at roughly \$300 million for both countries in 1945/46. The French Zone reported a surplus of \$165.2 million for the same period. W. Boelcke’s figures listed in Table 25, however, differ in details from the numbers presented above in Tables 12 and 15.

In contrast to W. Boelcke, who assigned a monetary value of RM 10 billion only to Germany’s foreign assets, Bernd Josef Fehn listed explicit RM figures to West German reparation and restitution efforts. However, at first he stated that the value of war booty, of confiscated coins, precious metal bars, as well as of foreign money cannot be determined, an unknown for the total bill. For the dismantled industrial equipment and the confiscation of the merchant marine, he calculated RM 4.8 billion (all RM figures are in 1938 prices). To the forced

⁸³¹ Ibid. 184.

exports of coal and timber he attached a value of RM 400 million, less than a third of what Senator Harmssen calculated. For copyright losses, Fehn estimated RM 100 million, while he attached RM 20 billion to the value of patents and production methods, way above Senator Harmssen's projection of RM 12.5 billion. He attached to the losses in the ceded territories RM 1.3 billion, while he valued German assets in foreign countries at RM 13 billion, RM 3.5 billion more than Harmssen's memorandum attached to foreign assets.⁸³² The varying values attached to the same categories demonstrate the difficulties and the inability to agree upon a final sum for a judgment of Germany's liabilities.

Christoph Buchheim in *Die Wiedereingliederung Westdeutschlands in die Weltwirtschaft 1945-1958* analyzed the German liabilities from the lost war toward the Allies and the aid West Germany received from the United States, Great Britain, and France. His approach and his conclusions are purely economical, very interesting and differing from previously mentioned approaches. The calculated value of the dismantling of plants in Western Germany, including Soviet dismantling in West Berlin from May to July 1945, as well as the confiscation of the German merchant marine is shown in the modified Table 26.

Buchheim determined by weight the value of the dismantled plants in the American and British zones. The average value per ton he assumed at RM 900⁸³³ in the U.S. Zone and RM 420 in the British Zone. The "multilateral deliveries" of the British Zone at RM 23 million based on a program to seize special machines absolutely necessary for liberated countries, similar to the machine tool confiscations by French Forces at an estimated value by German standards of RM 200-220 million.

⁸³² Bernd Josef Fehn, "Die deutschen Wiedergutmachungs- und Kriegsfolgenleistungen nach 1945 unter dem Blickwinkel der Reparationsfrage," in *Jahrhundertschuld Jahrhundertstühne, Reparationen, Wiedergutmachung, Entschädigung für nationalsozialistisches Kriegs- und Verfolgungsunrecht*, herausgegeben von Karl Doebling, Bernd Josef Fehn, Hans Günter Hockerts. (München: Olzog Verlag, 2001). 55-6.

⁸³³ *Monthly Report of the Military Governor U.S. Zone*, No. 50, August/September 1949. 21.

Table 26: Dismantling in West Germany and West Berlin and the seizure of the merchant marine (Value in Million of 1938 Reichsmark)

	1945	1946	1947	1948	1949	1950
U.S. Dismantling (Million RM)	-	36	62	80	28	-
Dismantled quantity (1,000 t)	-	40	69	89	31	-
British Dismantling (Million RM)	-	31	41	52	139	282
Quantity (1,000 t)	-	73	98	125	330	672
“Multilateral Deliveries” (Mill. RM)	-	-	23	-	-	-
French Dismantling (Million RM)	-	4	4	16	21	6
Number of plants	-	10	9	40	51	14
Machine tool seizure	(25)	(25)	(25)	-	-	-
Value (Mill. RM 1938)						
Soviet Dismantling in West Berlin (Mill. RM)	100	-	-	-	-	-
Seizure of German Merchant marine (Mill. RM)	-	156	(6)	(6)	(5)	-
Total Value (Mill. RM)	125	252	161	154	193	288

Source: Ch. Buchheim, *Die Wiedereingliederung Westdeutschlands in die Weltwirtschaft 1945-1958*. 80.

The IARA assessed only one third of the sum, Buchheim calculated an amount of RM 75 million for the seized equipment, distributed in three rates at RM 25 million. The total value of RM 173 million of the merchant marine the author split in a 90 per cent rate of RM 156 million for 1946, and the rest of RM 17 million in three rates for the years of 1947 to 1949.⁸³⁴

The total sum of the value of dismantling and of the merchant marine added up to RM 1,173 million. IARA policies estimated the residual value of the reparations only as a third of the actual trade value. Conforming with this policy, the author multiplied the totals of Table 26 with three to get the actual trade value. Then he divided the sum by 3.75, the 1938 purchasing-

⁸³⁴ Christoph Buchheim, *Die Wiedereingliederung Westdeutschlands in die Weltwirtschaft 1945-1958*. (München: Oldenbourg Verlag, 1990). 81.

power parity of 3.75 *Reichsmark* pro U.S. dollar. This calculation produced the dollar value of the reparations and of the merchant marine with a total of \$938 million.

1945	1946	1947	1948	1949	1950
100	202	129	123	154	230 ⁸³⁵

Buchheim refused to count restitutions as a burden to Germany. He argued that restitutions were only the returning of material unlawfully taken in foreign countries and consequently not goods generated in Germany. His arguments about not counting foreign assets and the labor of prisoners of war are controversial. His major argument stated that both were not a unilateral burden of West Germany, rather they were activities of the “not yet perished *Deutsches Reich*.”⁸³⁶ For the intellectual property like patents, production secrets, and trademarks taken away by the Allies, Buchheim calculated the loss at RM 6.5 billion (1938). Converted into postwar dollars he computed for these losses roughly \$3 billion.

Based on the figures of the *Institut für Besatzungsfragen* (see Table 19),⁸³⁷ Buchheim converted the sums of the fiscal years 1945 to 1949 into calendar years, producing the following occupation costs per calendar year in RM/DM million at a

1945	1946	1947	1948	1949
			1 st half	2 nd half
1,618	4,570	5,714	2,852	2,208
				4,099 ⁸³⁸

total of RM/DM 21.061 billion. Further, he differentiated between “contributions in kind” and “other contributions.” This differentiation was necessary, he argued, because only “contributions in kind” could tentatively be exported to earn foreign currency for essential imports, while “other contribution” like wages and salaries for Military Government employees or compensations paid for requisitioned property could not be exported in exchange for foreign currency. With this

⁸³⁵ Ibid. 86.

⁸³⁶ Ibid. 80.

⁸³⁷ Institut für Besatzungsfragen, *Occupation costs, are they a defence contribution?* 7.

⁸³⁸ Christoph Buchheim, *Die Wiedereingliederung Westdeutschlands in die Weltwirtschaft 1945-1958*. 89.

differentiation in mind, Buchheim calculated a total of RM 3.75 billion for “contributions in kind” from 1945 to 1949 provided to the Allies, convertible at an exchange rate of \$0.30 per RM. For “other contributions” he computed an average exchange rate, based on the black market, of RM 50 per dollar prior to the currency reform of June 1948. Table 27 displays the results of his calculations.

Table 27: West German occupation costs (\$ million)

	1945	1946	1947	1948	1948	1949
“Contributions in kind”	97	274	343	171	132	233
“Other contributions”	26	73	91	46	530	933
Total	123	347	434	217	662	1166

Source: Christoph Buchheim, *Die Wiedereingliederung Westdeutschlands in die Weltwirtschaft 1945-1958*. 91.

Without further explaining, Buchheim’s approach to the questions of intellectual properties, the use of Allied Military Marks (AMM) and captured *Reichsmark* amounts, of irregular requisitioning of goods, the use of the DM stock provided to the Military Government at the currency reform, as well as the undervaluation of the German exports, Table 28 demonstrated his estimate of the occupation burden West Germany had to carry. Buchheim calculated the total sum of occupation costs West Germany paid from 1945 to 1949 at \$7.389 billion. The payments to the Allies for the year 1950 Buchheim did not count as occupation costs, because he counted them as defense contributions as the West German federal budget did.

Table 28: An estimate of the burden imposed on West Germany by the Allies (\$ million)

	1945	1946	1947	1948	1949
1. Dismantled Equipment	100	202	129	123	154
2. Seizure of intellectual property	1,000	1,000	1,000		
Occupation burden					
3. Contributions in kind	97	274	343	303	233
4. Other contributions	26	73	91	576	933
5. Goods purchased with Allied Military Marks	300	-	-	-	-
6. Irregular requisitioned goods	200	-	-	-	-
7. Use of the DM stocks of the Military Government (20% for goods)	-	-	-	100 (20)	
8. Undervaluation of German exports	5	75	42	10	-
9. Total	1,728	1,624	1,605	1,112	1,320

Source: Ch. Buchheim, *Die Wiedereingliederung Westdeutschlands in die Weltwirtschaft 1945-1958*. 95.

The burden imposed by the United States, Great Britain, and France on Germany—without taking into account the burden imposed on the Soviet Zone had—supersedes the aid the Allies delivered at the same time to prevent the German people from starvation. This discrepancy one can watch again by the start of the European Recovery Program in 1948. Parallel with the influx of millions of dollars into West Germany, a noticeable increase of dismantling occurred (see Tables 22, 26). The discrepancy set aside, how much official aid did the western governments provide to the German people? How much food, clothing, medical supplies, and miscellaneous item did American and European private relief organizations deliver to soften the fate of the Germans? The following tables present the figures Christoph Buchheim traced down for public and private aid to West Germany and its people.

Table 29: Official public aid for West Germany (\$ million)

	1. 1945/46	2. 1947	3. 1948	4. 1949	5. 1950	6. 1951	7. 1952
USA							
1. SHAEF Supplies	195	-	-	-	-	-	-
2. GARIOA	78	237	788	503	177	12	-
3. Marshall Plan	-	-	142	420	303	416	114
4. JEIA Operating Capital	-	18	-	-	-	-	-
5. U.S. Surplus Material	(31)	(31)	(93)	(62)	-	-	-
6. Counterpart Financing	-	-	(-42)	(-42)	(-42)	(-42)	(-42)
Great Britain							
7. UK Contributions	264	317	90	32	1	-	-
8. JEIA Operating Capital	-	94	10	-	-	-	-
France							
9. JEIA Operating Capital	-	-	16	-	-	-	-
Drawing Rights							
10. Received	-	-	8	46	65	-	-
11. Granted	-	-	-17	-147	-53	-	-
Total	568	697	1,088	874	451	386	72

Source: Ch. Buchheim, *Die Wiedereingliederung Westdeutschlands in die Weltwirtschaft 1945-1958*. 72.

Line 6 of Table 29 Counterpart Financing refers to imports paid by JEIA or the German Government with dollars, while the German importer paid JEIA/German Government with *Deutsche Mark*. The United States as the creditor claimed the contractor payments, hence withdrawing the money from reinvestment into the German economy. The Drawing Rights of line 10 and 11 “amounted, in effect, to grants-in-aid given by European countries to each other... encourage[ing] the participating countries to fulfill their pledge of self-help and mutual aid under the European Recovery Program.”⁸³⁹ Regarding Table 29, it implies, par example, that in 1949 West Germany received short term credits of \$46 million and granted short term credits of \$147 million to the participating Marshall Plan countries.

⁸³⁹ Imanuel Wexler, *The Marshall Plan Revisited*. (Westport, CT.: Greenwood Press, 1983). 138.

Foreign aid from private European and American relief agencies for West Germany and West Berlin amounted to, according to Buchheim's rough estimate of \$370 million. Table 30 demonstrates the unbelievable generosity and cooperativeness of the American and European people.

Table 30: Private foreign aid to West Germany and West Berlin

	1945/46	1947	1948	1949
From United States				
1. CRALOG (1,000 short tons; 1 short ton = 0.907 metric ton)	9.8	13.1	30.1	11.3
2. CARE (million packages)	0.3	1.8	1.6	1.1
3. Gift Parcels (million lb; 1 lb = 453.6 g)	36.1	164.1	148.7	77.9
Value of private U.S. aid (\$ mill.)	26	106	106	56
Value of aid from all countries (\$ Million, rough estimate)	40	130	130	70

Source: Ch. Buchheim, *Die Wiedereingliederung Westdeutschlands in die Weltwirtschaft 1945-1958*. 76.

While Christoph Buchheim analyzed in detail the burden the three western occupation zones had to bear after the war, Jörg Fisch presented, in *Reparationen nach dem Zweiten Weltkrieg*, a more general account of the material and financial load West Germany bore. Buchheim did not reckon foreign assets and the labor of German prisoners of war as reparations. He argued that with the outbreak of the war the German power of control of their assets in the belligerent countries ended. The labor of German prisoners of war—the number of workdays provided by German prisoners of war in the East and West estimated at a minimum of two billion⁸⁴⁰—Buchheim refused to count arguing that it could not be separated into a western and eastern part, an unconvincing argument.

⁸⁴⁰ Jörg Fisch, *Reparationen nach dem Zweiten Weltkrieg*. (München: C.H. Beck Verlag, 1992). 215.

Fisch did not count the labor of prisoners of war, either. His argument followed the line that as long as there was not full employment in West Germany, the labor of the prisoners of war in foreign countries did not reduce the national income. Exaggerating the argument, one could state that without full employment in West Germany, the prisoners of war kept the German authorities from paying unemployment benefits, an argument demonstrating the inability to define commonly accepted limits for reparations and occupation costs. In addition to the foreign assets and the labor of prisoners of war, Fisch also refused to put a monetary value to the intellectual properties such as patents, trademark, and production secrets, because no one can estimate the authentic or reasonable value. His calculations, not reproduced in detail here, amounted to the figures in Table 31.

Based on the figures of Table 31 Fisch claimed a total of \$4.8 billion (1938) for reparations of all kind for the 8½ years from 1945 to 1953. Subtracting the \$4.8 billion from \$16.8 billion (1938) he arrived at \$12 billion (1938) for occupation costs. Evenly distributing the \$12 billion over the time of 8½ years the average occupation costs per year amounted to \$1.4 billion (1938). For the time from May 1945 to December 1949, for four years and eight months the computed occupation costs added up to \$6.6 billion (1938).

How did Fisch arrive at these figures? He calculated a total for restitutions, for the use of Allied Military Marks—the official exchange rate of RM 10 to \$1 benefitted the Allies through favorable prices⁸⁴¹—for booty, extractions from current production, for black market operations, and hidden reparations, like manipulations of export prices RM 4.65 billion (1938). In 1938

⁸⁴¹ Ibid. 211.

**Table 31: Reparations of the western zones/federal Republic 1945-1953
(In 1938 dollar)**

	Total \$ Million	Per head \$	Per head/year \$
Reparations	4,800	103.1	12.1
With Occupation Costs	16,800	360.8	42.5
With Occupation Costs minus Foreign Aid	14,300	307.1	36.1

Source: Jörg Fisch, *Reparationen nach dem Zweiten Weltkrieg*. 217.

dollars the sum amounted to \$2.093 billion. He added to this \$2.75 billion (1938) for dismantled equipment, German foreign assets, and the confiscated merchant marine and arrived at \$4.843 billion in 1938 dollars for all West German reparations (Table 31, line 2).

For occupation costs Fisch assumed \$12 billion (1938) for the 8½ years from 1945 to 1953. For the same time span, the credits West Germany received, he computed at 2.5 billion 1938 dollars (Table 31, line 3 and 4, 16,800 – 14,300 = 2,500).⁸⁴² A percentage summary of the burden caused by defeat and occupation at total receipts, total government spending, and of the national product for fiscal year 1946/47 is demonstrated in Table 32.

Table 32: Share of the total output for the Occupation Forces in Germany of government receipts, revenues from *Reich* taxes, expenditures, and the share of the national product in percent.

	Berlin	U.S. Zone	British Zone	French Zone	Soviet Zone	All Zones
Total Government Receipts	19.7	28.3	27.0	67.0	57.9	41.1
Revenues from <i>Reich</i> taxes	31.3	35.2	38.7	79.9	78.8	55.8
Expenditures	25.1	35.6	25.2	51.4	59.1	42.2
Share of the National Product	11.8	15.9	12.7	28.0	26.1	18.6

Source: Jörg Fisch, *Reparationen nach dem Zweiten Weltkrieg*. 218.

⁸⁴² Ibid. 216-8.

Interestingly, the independently computed share of occupation costs/related costs for the state of Württemberg-Baden at the total state income is 28.5 per cent (see Table 7), one can say identical with Fisch's figure of 28.3 per cent in Table 32. One could conclude that the burden of occupation costs/related costs was equally distributed throughout the U.S. Zone.

9.3. Correlating the incommensurable

Most likely it will be impossible to compare the monetary value of Allied and West German efforts after World War II to exact amounts of Dollars, *Reichsmarks*, and *Deutsche Marks*. Official figures and the approaches of the authors presented in this chapter to the question of reparations and occupation costs are varying in time spans, in exchange rates, what to count as reparations or occupation costs and to what amount, making it difficult to get comparable results.

First, what is commonly accepted as reparations? While Senator Harmssen, par example, counted the value of the ceded territories and the assets of the ethnic Germans, *Volksdeutsche*, in Eastern European countries (see Table 18) as reparations at \$44.2 billion (1938), all other authors negated this approach. Christoph Buchheim refused to count foreign assets, restitutions, and the labor of prisoners of war as reparation. Bernd Josef Fehn stated foreign assets as representing a value of \$3.9 billion. Jörg Fisch rejected counting the value of the intellectual property taken away by the Allies, as reparations because one cannot attach a definite amount of money to it. However, Bernd Josef Fehn attached \$6 billion to the loss of intellectual property. These examples may explain the difficulties caused by the different angles and view points the authors applied. To this, one must add the complicated procedures the Inter-Allied Reparation Agency used to estimate/calculate current market values of equipment predisposed for dismantling. IARA transferred the current market value to the 1938 *Reichsmark* value. The IARA exchanged

this *Reichsmark* value into 1938 dollars by employing arbitrary exchange rates varying from RM 3 to 4 for a dollar, which was then transferred into postwar dollars. With the exception of the IARA, the exchange rates used for 1938 *Reichsmark* and Dollar varied between RM 2.5 to 3.5 for the Dollar. The postwar exchange rate used by the authors was RM 1 = \$0.30. The exchange rate after the currency reform was DM 1 = \$0.25.

For example, Fisch's figures for public aid, occupation costs and reparations (see Table 31, 33, 34) cover the time from May 1945 to 1953, 8½ years or 102 months. The time span of this study is May 1945 to 1949, fifty-six months or fifty-five per cent of the 8½ years. By assuming a linear distribution of the amounts Fisch refers to, the amounts had to be reduced to fifty-five per cent of the total, to be comparable to other figures used. Thus, calculating Fisch's public aid figure of \$2.5 billion, it has to be cut down to \$1.4 billion. Fifty-five per cent of the \$12 billion of occupation costs amounts to \$6.6 billion, and the reparation costs decrease by this computation from \$4.8 billion to \$2.6 billion. The method is questionable, however, Fisch's figures, he admits, reveal that the numbers he employed, as well as the figures from all sources can only be seen as rough guiding values, implicitly repeating that it is impossible to exactly quantify dollar, RM, or DM amounts.

The figures in Table 33 compare the official public aid West Germany obtained between 1945 and 1949. Column 1-3 list the amounts of money provided by GARIOA funds, by Great Britain, by the Economic Cooperation Administration (ECA) authorizing the Marshall Plan funds, and of the International Refugee Organization (IRO). It must be pointed out that Marshall Plan funds were used to buy foodstuffs, also labeled Category A imports, as well as Category B materials necessary to produce export goods. The figures of column 1-3 are taken from official

Table 33: Contrasting Juxtaposition of Public Aid 1945 to 1949 (in million \$)

	Official Public Aid from United States, Great Britain, France						
	Food Imports		Category B Imports	G. Hardach		Ch. Buchheim	J. Fisch
	GARIOA	UK/ECA IRO		GARIOA	ERP	Public Aid	Public Aid
1945	476	-	-	-	-	568	1,400
1946		-	-	263	-		
1947	516	-	-	580	-	697	
1948	850	50	-	579	614	1,088	
1949	594	147	289	198	457	874	
	2,436	436		1,620	1,071	3,227	1,400
Total	2,872			2,691		3,277	1,400

GARIOA Government Relief in Occupied Areas
 ECA Economic Cooperation Administration
 ERP European Recovery Program
 IRO International Refugee Organization
 UK United Kingdom/Great Britain
 Ch. Buchheim, J. Fisch, G. Hardach: Authors cited in Chapter 9

Sources – Monthly Reports of the Military Governor U.S. Zone and Reports of the German Government concerning the Marshall Plan Aid.⁸⁴³

Adding up the official sums of the first three columns yielded a total of \$2.872 billion. In contrast, we have the amounts of official public aid reported by Gerd Hardach in *Der Marshall-Plan*, by Christoph Buchheim reported in his *Die Wiedereingliederung Westdeutschlands in die Weltwirtschaft 1945-1958*, and by Jörg Fisch in *Reparationen nach dem Zweiten Weltkrieg*. The figures of the three authors demonstrate again the difficulties in presenting figures based on commonly accepted benchmarks. The figures presented by the three authors differ in a wide range, from Fisch's \$1.4 billion to Buchheim's \$3.28 billion, roughly two and a half times Fisch's figure. Gerd Hardach with \$2.69 billion is closest to the official figures. One is not able

⁸⁴³ Stadtarchiv Stuttgart, Bestand 21/1, Signatur 21, "Erster Bericht der Deutschen Bundesregierung über die Durchführung des Marshall Planes 1. Oktober 1949 bis 31. Dezember 1949."

to explain how the different authors computed the aid with such a wide margin, especially since no exchange rates were necessary as all official sums were provided in U.S. currency.

Table 34 offers a comparison of occupation costs and reparations. W. Boelcke, Ch. Buchheim, and J. Fisch, as well as the *Institut für Besatzungsfragen*, present their calculations of occupation expenses. Buchheim and Fisch represented the minimum and the maximum amount with \$2.95 billion, respectively \$6.6 billion. W. Boelcke and the *Institut für Besatzungsfragen* are close to Fisch's figure of \$6.6 billion. Their numbers are very similar, because W. Boelcke used the figures the *Institut für Besatzungsfragen* provided, with Boelcke's figures differing marginally in two positions.

Buchheim's low figures—as mentioned before—are based on his argument that only real assets can be counted as occupation costs. They can be exported to earn foreign currency for the import of goods needed for the production of export products. With this argument, Buchheim eliminated the major assets such as wages and salaries of Germans employed by the occupation authorities, as well as the compensations for goods and services provided to the occupation forces from the occupation bill.

J. Fisch computed a total of \$12 billion for occupation costs from May 1945 to December 1953. The \$6.6 billion in Table 34 is the fifty-five per cent share of the \$12 billion for the time span May 1945 to December 1949. He does not give detailed information about the composition of the total.

The figures of the *Institut für Besatzungsfragen* (see Table 19) seems to be the most accurate and documented, totaling at \$6.034 billion for the fifty-six months from 1945 to 1949. The West German *Länder*, and accordingly the Federal Republic, paid an average monthly

Table 34: Calculated/estimated Occupation Costs and Reparations 1945 to 1949 (in million \$)

	Occupation Costs				Reparations		
	<i>Institut für Besatzungsfragen</i>	W. Boelcke	Ch. Buchheim	J. Fisch	Ch. Buchheim	B.J. Fehn	J. Fisch
1945	608	608	123	6,600	1,605	10,600	4,570
1946	1,522	1,522	347		1,277		
1947	1,658	1,658	434		1,171		
1948	1,240	1,159	879		233		
1949	1,006	937	1,166		154		
Total	6,034	5,884	2,949	6,600	4,440	10,600⁸⁴⁴	4,570

W. A. Boelcke, Ch. Buchheim, B.J. Fehn, J. Fisch, *Institut für Besatzungsfragen*: Authors and Institutions cited in Table 34.

bill of RM/DM 107.8 million for occupation expenditures. The figures of the *Institut für Besatzungsfragen* correlate with the numbers of Table 11 of Württemberg-Baden's occupation costs by computing a monthly average of occupation costs of RM/DM 31.7 million. Also identical is the tendency of increasing occupation expenditures with the climax in 1947 and with decreasing amounts for 1948 and 1949.

The second part of Table 34 presents the figures Buchheim, Fehn, and Fisch calculated for reparation payments, ranging from Buchheim's \$4.44 billion to Fehn's \$10.6 billion. Fisch's \$4.57 billion is close to Buchheim's figure. Fisch's figure is taken from a table in his *Reparationen nach dem Zweiten Weltkrieg*, calling for reparations of \$4.8 billion for the time span 1945 to 1953. A first idea of reducing the \$4.8 billion analog to the occupation costs to fifty-five per cent according to the fifty-five per cent of the time 1945 to 1949 turned out to be erroneous. The Federal Republic continued to pay occupation costs under the category of defence contribution, reparation payments ended in 1950 with the last plants dismantled and

⁸⁴⁴ In *Wiedergutmachung und Kriegsfolgenliquidation*, p. 68, B.J. Fehn, H.J. Brodesser, T. Franosch, and W. Wirth cite a total amount of \$17.9 billion for reparations, a sum much greater than the \$10.6 billion published a year later in *Jahrhundertschuld Jahrhundertstühne*.

shipped. According to Table 21, plants were dismantled in 1950 in the British and French zones at a value of RM 288 million. The RM 288 million represented the value the IARA attached to it being only a third of the actual trade value. Three times the IARA value results in RM 864 million actual trade value equaling \$230 million. One receives a reparation figure of \$4.57 billion for the time 1945 to 1949, after subtracting the 1950 reparations from the total of \$4.8 billion. This amount is close to the figure Ch. Buchheim calculated. Bernd Josef Fehn's estimate of \$10.6 billion tends in the direction of Senator Harmssen's calculations and will not be closer examined.

The next table demonstrates the relation between occupation costs calculated by the *Institut für Besatzungsfragen* (see Tables 19 and 34) and the amounts of public aid spent by the western Allies from 1945 to 1949. The figures of the public aid are based on official sources, as well as the calculations from G. Hardach and Ch. Buchheim from Table 33. Whichever figures one applies, Buchheim's, officials, and/or Hardach's, it is conspicuous that occupation costs paid by the Germans exceeded the aid West Germany received during the time span 1945 to 1949.

Table 35: Occupation Costs and Public Aid 1945 to 1949 (in million \$)

	Occupation Costs according to the <i>Institut für Besatzungsfragen</i>	Public Aid		
		Official Figures of Monthly Reports	Hardach's calculations	Buchheim's calculations
1945	608	476	263	568
1946	1,522			
1947	1,658	516	580	697
1948	1,149	900	1,193	1,088
1949	1,007	1,030	655	874
Total	5,944	2,922	2,691	3,277

Adding Buchheim's lowest estimate of reparations of \$4.44 billion (Table 34) to the occupation costs of \$5.944 billion (Table 35) would change the ratio of occupation costs to public aid from roughly 2:1 to 3.5:1 with reparation liabilities added.

Without taking into account the burden the people of the Soviet occupation zone had to bear—Fisch estimates \$16.3 billion in total occupation costs from 1945 to 1953⁸⁴⁵—the figures presented prove with convincing clarity the thesis that the contributions of the West German people surpassed the aid the United States provided to support the re-emergence of Germany after the unconditional surrender.

Aside from the quantity of support – more than 19 million tons of foodstuffs West Germany received – the intent of the aid has to be recognized. The realization that—aside from the humanitarian aspects – sufficient short-term aid would prevent long-term dependency came soon. The Marshall Plan aid complemented the aid provided under the United States GARIOA Program and provided an additional booster to the West German economy already gaining momentum. Until the currency reform, restrictions imposed by the Allied Control Council and by Military Governments constrained the German economy. German imports were limited to the basic living requirements, German exports had to be paid in dollars, and export proceeds were used to pay for imports.⁸⁴⁶ The restrictions known as the “Dollar Clause” and the “First Charge Principle,” as well as the cumbersome bureaucratic input of Military Government regulations handicapped the revival of the German economy. However, the currency reform of 1948 added further impetus to the German economy by raising the awareness of the German people that work was worthwhile again, able to provide the means for living. The Marshall Plan proved to

⁸⁴⁵ Jörg Fisch, *Reparationen nach dem Zweiten Weltkrieg*. 199.

⁸⁴⁶ Christoph Buchheim, *Die Wiedereingliederung Westdeutschlands in die Weltwirtschaft 1945-1958*. 1.

be a successful instrument to force the participating countries to closer economic cooperation, leveling the path to economic unification.

Concluding, one must state that without the essential food aid from the United States and without the aid infused into the German economy by the Marshall Plan, West Germany would have needed a much longer time to get back on its footing. It is insignificant, whether the aid was given for humanitarian reasons or because of a changing political environment. The United States' assistance offered West Germany the chance to survive and to pay its liabilities for the privilege of having started and having lost World War II.

Chapter 10: Conclusion

How much did the effort of rebuilding defeated Germany politically, culturally, socially, and economically depend on the material and especially financial support the United States provided to the three western occupation zones of postwar Germany? The results of this analysis portray an inchoate picture of postwar Germany. The research centers on the efforts of the United States to secure the survival of the German people – an effort contrary to original official policies, and on examining the public aid of the western Allies, in particular the aid only the United States could provide. It avoids placing values on the unaccounted for technical and material aid and support the U.S. military provided in 1945/46 for rebuilding vital infrastructure, allocating road and rail transport capacities for harvesting the crops, and providing medical, as well as pharmaceutical assistance. One has to add the U.S. sponsored libraries, the establishment and support of the *Amerikahäuser*, as well as the many youth activities U.S. troops engaged in. The private aid of roughly \$370 million West Germany and West Berlin received according to Table 30 is also not incorporated in the final comparison. The narrative does not discuss the comparatively heavier burden the people of the Russian occupation zone had to bear for occupation costs and reparations, aside from the political objective of the Soviets to install a Communist regime. Neither does the narrative focus on the specifics of reparations, restitutions, and *Wiedergutmachung*.

Owing to the distinct features of the topic, specific U.S. sources are not available in abundance apart from the Monthly Reports of the Office of Military Government in Germany (U.S.) of the United States Zone/Bizone, as well as the reports of the U.S. High Commissioner for Germany. Substantial German sources exist dealing with the topic in a more general way, whereas only few sources are at hand examining the specific aspects of the topic. Research in

several German archives provided the largesse of data from governmental sources at the city, state, and federal level needed for the analysis.

Immediately with the start of the occupation it began to dawn on the occupation powers that no agency could successfully democratize and re-educate a starving and homeless people. With denazification a top priority in the U.S. Zone early in the occupation, the economy of hunger soon forced the Allies to a much more humanitarian stand toward the German people than originally intended. From providing millions of tons of foodstuffs – without knowing if Germany would ever be able to pay the credits back – the Allied focus shifted to restart the economy as quickly as possible within the limits of the Potsdam Protocol-permitted peaceful industries. A prospering economy would enable Germany to export goods and to use the export proceeds to buy food and raw materials. The imported raw materials would produce exportable merchandise, so reducing the need for U.S. publicly financed food imports.

This study focused on the financial aspects of the postwar situation in the three western occupation zones, attempting to contrast the financial burden the western Allies bore trying to keep the Germans alive, while at the same time imposing heavy requirements for goods and services on the German economy and the people. It was a unique situation the Allies faced by being the ultimate German governing authority with all implications and at the same time the oppressive occupier enforcing/trying to enforce the different national interests of the Allies contrary to the objectives agreed upon in the Potsdam Protocol by the Big Three.

The financial burden caused by human and material losses of the war and by imposed occupation costs to the city of Stuttgart and the *Land* Württemberg-Baden serves as an example of what the German communities and *Länder* faced after the lost war. However, it is impossible to conclude from these two examples the total burden the taxpayers of the U.S. Zone had to

shoulder, much less the total costs the German people of the American, the British, and the French occupation zones had to bear. Allied/U.S. numbers differ from the German numbers of occupation costs because both sides differed in what one could and would count as occupation costs. This example by itself explains that, in such an investigation, it will never be possible to agree on final numbers accepted by all parties. Further, one cannot extract from the sources information about the amounts of food distributed to individual states of the U.S. Zone and later of the Bizone, much less the amounts of food a particular city received.

To compare the official data distilled from the Monthly Reports of the Military Governor U.S. Zone with German calculations, I relied on several of the authors referred to in Chapter 1. The research results of the economist Willi A. Boelcke, the economic historian Gerd Hardach, the Swiss historian Jörg Fisch, as well as the social and economic historian Christoph Buchheim and the finance officer Bernhard Fehn, provided the base for comparing German and United States expenses. The report of the *Institut für Besatzungsfragen* of the University of Tübingen provided additional valuable data for the purpose of comparing costs.

Different authors presented different estimates of the costs of the occupation caused by the circumstances of the lost war. Juxtaposing the numbers of the different authors with the numbers extracted from the Monthly Reports raises the question of what caused the big differences. It is clear to me that every author chose a different perspective to approach the topic. It is also clear that there will never be a final sum of dollars and cents and DM and Pfennig. The intent of the analysis is to demonstrate the vast dimensions of money and foodstuffs expended from both, the United States and the three western occupation zones/Federal Republic of Germany.

All said, one can state without doubt, that the German people were responsible for the remarkable recovery of the economy. However, one has to state, also without doubt, that without the aid provided by the United States, the recovery would have taken much more time and without overstating it, the number of lives lost through inadequate food supply would have been much higher. Germany needed the food support provided through the GARIOA Program as well as the financial aid provided through the Marshall Plan by the United States during the early postwar years to overcome the devastations of the war, to start to rebuild their dismembered and overcrowded country. Acting like a blood transfusion, the Marshall Plan aid, together with the currency reform, infused the German people with hope and confidence. Aid provided by the American people, and hope, confidence and the industriousness of the German people, together induced the so-called economic miracle of the 1950s in Germany.

Definitely, the Germans benefitted from the growing disagreements among the members of the war alliance. The political developments in the Russian sphere of interest in eastern Europe – like the Communist takeover of the governments in Hungary and Czechoslovakia – intensified the actions of the United States in preventing West Germany drifting into the Soviet-dominated realm. The outbreak of the Korean War convinced the United States leadership that without West Germany, Europe could not be defended against a Soviet attack. The French government, blackmailed by the United States, accepted grudgingly the rearmament of Germany in the frame of a common west European defense system. The no-vote of the French parliament in 1954 to the common west European defense system opened the door for NATO membership for West Germany in 1955.

Appendix A: The original Morgenthau Plan

Top Secret

Program to Prevent Germany from Starting a World War III

1. Demilitarization of Germany.

It should be the aim of the Allied Forces to accomplish the complete demilitarization of Germany in the shortest possible period of time after surrender. This means completely disarming the German Army and people (including the removal or destruction of all war material), the total destruction of the whole German armament industry, and the removal or destruction of other key industries which are basic to military strength.

2. New Boundaries of Germany.

(a) Poland should get that part of East Prussia which doesn't go to the U.S.S.R. and the southern portion of Silesia. (See map in 12 Appendix.)

(b) France should get the Saar and the adjacent territories bounded by the Rhine and the Moselle Rivers.

(c) As indicated in 4 below an International Zone should be created containing the Ruhr and the surrounding industrial areas.

3. Partitioning of New Germany.

The remaining portion of Germany should be divided into two autonomous, independent states, (1) a South German state comprising Bavaria, Wuerttemberg, Baden and some smaller areas and (2) a North German state comprising a large part of the old state of Prussia, Saxony, Thuringia and several smaller states.

There shall be a custom union between the new South German state and Austria, which will be restored to her pre-1938 political borders.

4. The Ruhr Area. (The Ruhr, surrounding industrial areas, as shown on the map, including the Rhineland, the Keil Canal, and all German territory north of the Keil Canal.)

Here lies the heart of German industrial power. This area should not only be stripped of all presently existing industries but so weakened and controlled that it can not in the foreseeable future become an industrial area. The following steps will accomplish this:

(a) Within a short period, if possible not longer than 6 months after the cessation of hostilities, all industrial plants and equipment not destroyed by military action shall be

completely dismantled and transported to Allied Nations as restitution. All equipment shall be removed from the mines and the mines closed.

(b) The area should be made an international zone to be governed by an international security organization to be established by the United Nations. In governing the area the international organization should be guided by policies designed to further the above stated objective.

5. Restitution and Reparation.

Reparations, in the form of future payments and deliveries, should not be demanded. Restitution and reparation shall be effected by the transfer of existing German resources and territories, e.g.,

(a) by restitution of property looted by the Germans in territories occupied by them;

(b) by transfer of German territory and German private rights in industrial property situated in such territory to invaded countries and the international organization under the program of partition;

(c) by the removal and distribution among devastated countries of industrial plants and equipment situated within the International Zone and the North and South German states delimited in the section on partition;

(d) by forced German labor outside Germany; and

(e) by confiscation of all German assets of any character whatsoever outside of Germany.

6. Education and Propaganda.

(a) All schools and universities will be closed until an Allied Commission of Education has formulated an effective reorganization program. It is contemplated that it may require a considerable period of time before any institutions of higher education are reopened. Meanwhile the education of German students in foreign universities will not be prohibited. Elementary schools will be reopened as quickly as appropriate teachers and textbooks are available.

(b) All German radio stations and newspapers, magazines, weeklies, etc. shall be discontinued until adequate controls are established and an appropriate program formulated.

7. Political Decentralization.

The military administration in Germany in the initial period should be carried out with a view toward the eventual partitioning of Germany. To facilitate partitioning and to assure its permanence the military authorities should be guided by the following principles:

(a) Dismiss all policy-making officials of the Reich government and deal primarily with local governments.

(b) Encourage the reestablishment of state governments in each of the states (Lander) corresponding to 18 states into which Germany is presently divided and in addition make the Prussian provinces separate states.

(c) Upon the partition of Germany, the various state governments should be encouraged to organize a federal government for each of the newly partitioned areas. Such new governments should be in the form of a confederation of states, with emphasis on states' rights and a large degree of local autonomy.

8. Responsibility of Military for Local German Economy.

The sole purpose of the military in control of the German economy shall be to facilitate military operations and military occupation. The Allied Military Government shall not assume responsibility for such economic problems as price controls, rationing, unemployment, production, reconstruction, distribution, consumption, housing, or transportation, or take any measures designed to maintain or strengthen the German economy, except those which are essential to military operations. The responsibility for sustaining the German economy and people rests with the German people with such facilities as may be available under the circumstances.

9. Controls over development of German Economy.

During a period of at least twenty years after surrender adequate controls, including controls over foreign trade and tight restrictions on capital imports, shall be maintained by the United Nations designed to prevent in the newly-established states the establishment or expansion of key industries basic to the German military potential and to control other key industries.

10. Agrarian Program.

All large estates should be broken up and divided among the peasants and the system of primogeniture and entail should be abolished.

11. Punishment of War Crimes and Treatment of Special Groups.

A program for the punishment of certain war crimes and for the treatment of Nazi organizations and other special groups is contained in section 11.

12. Uniform and Parades.

(a) No German shall be permitted to wear, after an appropriate period of time following the cessation of hostilities, any military uniform or any uniform of any quasi military organizations.

(b) No military parades shall be permitted anywhere in Germany and all military bands shall be disbanded.

13. Aircraft.

All aircraft (including gliders), whether military or commercial, will be confiscated for later disposition. No German shall be permitted to operate or to help operate any aircraft, including those owned by foreign interests.

14. United states Responsibility.

Although the United States would have full military and civilian representation on whatever international commission or commissions may be established for the execution of the whole German program, the primary responsibility for the policing of Germany and for civil administration in Germany should be assumed by the military forces of Germany's continental neighbors. Specifically, these should include Russian, French, Polish, Czech, Greek, Yugoslav, Norwegian, Dutch and Belgian soldiers.

Under this program United States troops could be withdrawn within a relatively short time.

Source: Henry Morgenthau Jr. *Germany Is Our Problem*. New York: Harper & Brothers. 1945. 1-4.

Appendix B: Morgenthau's proposal to partition Germany



Source: Henry Morgenthau Jr. *Germany Is Our Problem*. New York: Harper & Brothers. 1945. Following page 160.

Appendix C: JCS 1067

Directive to Commander-in-Chief of United States Forces of Occupation Regarding the Military Government of Germany; April 1945

It is considered appropriate, at the time of the release to the American public of the following directive setting forth United States policy with reference to the military government of Germany, to preface the directive with a short statement of the circumstances surrounding the issuance of the directive to General Eisenhower.

The directive was issued originally in April 1945, and was intended to serve two purposes. It was to guide General Eisenhower in the military government of that portion of Germany occupied by United States forces. At the same time he was directed to urge the Control Council to adopt these policies for enforcement throughout Germany.

Before this directive was discussed in the Control Council, President Truman, Prime Minister Attlee, and Generalissimo Stalin met at Potsdam and issued a communiqué setting forth agreed policies for the control of Germany. This communiqué was made public on August 2, 1945. The directive, therefore, should be read in the light of the policies enumerated at Potsdam. In particular, its provisions regarding disarmament, economic and financial matters, and reparations should be read together with the similar provisions set out in the Potsdam agreement on the treatment of Germany in the initial control period and in the agreement on reparations contained in the Potsdam communiqué. Many of the policy statements contained in the directive have been in substance adopted by the Potsdam agreement. Some policy statements in the Potsdam agreement differ from the policy statements on the same subjects in the directive. In such cases, the policies of the Potsdam agreement are controlling. Where the Potsdam agreement is silent on matters of policy dealt with in the directive, the latter continues to guide General Eisenhower in his administration of the United States Zone in Germany.

Directive to Commander-in-Chief of United States Forces of Occupation Regarding the Military Government of Germany

1. The Purpose and Scope of this Directive: This directive is issued to you as Commanding General of the United States forces of occupation in Germany. As such you will serve as United States member of the Control Council and will also be responsible for the administration of military government in the zone or zones assigned to the United States for purposes of occupation and administration. It outlines the basic policies which will guide you in those two capacities after the termination of the combined command of the Supreme Commander, Allied Expeditionary Force.

This directive sets forth policies relating to Germany in the initial post-defeat period. As such it is not intended to be an ultimate statement of policies of this Government concerning the treatment of Germany in the post-war world. It is therefore essential that, during the period covered by this directive, you assure that surveys are constantly maintained of economic, industrial financial, social and political conditions within your zone and that the results of such surveys and such other surveys as may be made in other zones are made available to your Government, through the Joint Chiefs of Staff. These surveys should be developed in such manner as to serve as a basis for determining changes in the measures of control set forth herein as well as for the progressive formulation and development of policies to promote the basic objectives of the United States. Supplemental directives will be issued to you by the Joint Chiefs

of Staff as may be required.

As a member of the Control Council you will urge the adoption by the other occupying powers of the principles and policies set forth in this directive and, pending Control Council agreement, you will follow them in your zone. It is anticipated that substantially similar directives will be issued to the Commanders in Chief of the U.K., U.S.S.R. and French forces of occupation.

PART I

General and Political

2. The Basis of Military Government:

a. The rights, power and status of the military government in Germany are based upon the unconditional surrender or total defeat of Germany.

b. Subject to the provisions of paragraph 3 below, you are, by virtue of your position, clothed with supreme legislative, executive, and judicial authority in the areas occupied by forces under your command. This authority will be broadly construed and includes authority to take all measures deemed by you necessary, appropriate or desirable in relation to military exigencies and the objectives of a firm military government.

c. You will issue a proclamation continuing in force such proclamations, orders and instructions as may have heretofore been issued by Allied Commanders in your zone, subject to such changes as you may determine. Authorizations of action by the Supreme Commander, Allied Expeditionary Force, may be considered as applicable to you unless inconsistent with this or later directives.

3. The Control Council and Zones of Occupation:

a. The four Commanders-in-Chief, acting jointly, will constitute the Control Council in Germany which will be the supreme organ of control over Germany in accordance with the agreement on Control Machinery in Germany. For purposes of administration of military government, Germany has been divided into four zones of occupation.

b. The authority of the Control Council to formulate policy and procedures and administrative relationships with respect to matters affecting Germany as a whole will be paramount throughout Germany. You will carry out and support in your zone the policies agreed upon in the Control Council. In the absence of such agreed policies you- will act in accordance with this and other directives of the Joint Chiefs of Staff.

c. The administration of affairs in Germany shall be directed towards the decentralization of the political and administrative structure and the development of local responsibility. To this end you will encourage autonomy in regional, local and municipal agencies of German administration. The German economic structure shall also be decentralized. The Control Council may, however, to the minimum extent required for the fulfillment of purposes set forth herein, permit centralized administration or establish central control of (a) essential national public services such as railroads, communications and power, (b) finance and foreign affairs, and (c) production and distribution of essential commodities.

d. The Control Council should adopt procedures to effectuate, and you will facilitate in

your zone, the equitable distribution of essential commodities between the zones. In the absence of a conflicting policy of the Control Council, you may deal directly with one or more zone commanders on matters of special concern to such zones.

e. Pending the formulation in the Control Council of uniform policies and procedures with respect to inter-zonal travel and movement of civilians, no civilians shall be permitted to leave or enter your zone without your authority, and no Germans within your zone shall be permitted to leave Germany except for specific purposes approved by you.

f. The military government personnel in each zone, including those dealing with regional and local branches of the departments of any central German administrative machinery, shall be selected by authority of the Commander of that zone except that liaison officers may be furnished by the Commanders of the other three zones. The respective Commanders-in-Chief shall have exclusive jurisdiction throughout the whole of Germany over the members of the armed forces under their command and over the civilians who accompany them.

g. The Control Council should be responsible for facilitating the severance of all governmental and administrative connections between Austria and Germany and the elimination of German economic influences in Austria. Every assistance should be given to the Allied Administration in Austria in its efforts to effectuate these purposes.

4. Basic Objectives of Military Government in Germany:

a. It should be brought home to the Germans that Germany's ruthless warfare and the fanatical Nazi resistance have destroyed the German economy and made chaos and suffering inevitable and that the Germans cannot escape responsibility for what they have brought upon themselves.

b. Germany will not be occupied for the purpose of liberation but as a defeated enemy nation. Your aim is not oppression but to occupy Germany for the purpose of realizing certain important Allied objectives. In the conduct of your occupation and administration you should be just but firm and aloof. You will strongly discourage fraternization with the German officials and population.

c. The principal Allied objective is to prevent Germany from ever again becoming a threat to the peace of the world. Essential steps in the accomplishment of this objective are the elimination of Nazism and militarism in all their forms, the immediate apprehension of war criminals for punishment, the industrial disarmament and demilitarization of Germany, with continuing control over Germany's capacity to make war, and the preparation for an eventual reconstruction of German political life on a democratic basis.

d. Other Allied objectives are to enforce the program of reparations and restitution, to provide relief for the benefit of countries devastated by Nazi aggression, and to ensure that prisoners of war and displaced persons of the United Nations are cared for and repatriated.

5. Economic Controls:

a. As a member of the Control Council and as zone commander, you will be guided by the principle that controls upon the German economy may be imposed to the extent that such

controls may be necessary to achieve the objectives enumerated in paragraph 4 above and also as they may be essential to protect the safety and meet the needs of the occupying forces and assure the production and maintenance of goods and services required to prevent starvation or such disease and unrest as would endanger these forces. No action will be taken in execution of the reparations program or otherwise which would tend to support basic living conditions in Germany or in your zone on a higher level than that existing in any one of the neighboring United Nations.

b. In the imposition and maintenance of such controls as may be prescribed by you or the Control Council, German authorities will to the fullest extent practicable be ordered to proclaim and assume administration of such controls. Thus it should be brought home to the German people that the responsibility for the administration of such controls and for any break-downs in those controls will rest with themselves and German authorities.

6. Denazification:

a. A Proclamation dissolving the Nazi Party, its formations, affiliated associations and supervised organizations, and all Nazi public institutions which were set up as instruments of Party domination, and prohibiting their revival in any form, should be promulgated by the Control Council. You will assure the prompt effectuation of that policy in your zone and will make every effort to prevent the reconstitution of any such organization in underground, disguised or secret form. Responsibility for continuing desirable non-political social services of dissolved Party organizations may be transferred by the Control Council to appropriate central agencies and by you to appropriate local agencies.

b. The laws purporting to establish the political structure of National Socialism and the basis of the Hitler regime and all laws, decrees and regulations which establish discriminations on grounds of race, nationality, creed or political opinions should be abrogated by the Control Council. You will render them inoperative in your zone.

c. All members of the Nazi party who have been more than nominal participants in its activities, all active supporters of Nazism or militarism and all other persons hostile to Allied purposes will be removed and excluded from public office and from positions of importance in quasi-public and private enterprises such as (1) civic, economic and labor organizations, (2) corporations and other organizations in which the German government or subdivisions have a major financial interest, (3) industry, commerce, agriculture, and finance, (4) education, and (5) the press, publishing houses and other agencies disseminating news and propaganda. Persons are to be treated as more than nominal participants in Party activities and as active supporters of Nazism or militarism when they have (1) held office or otherwise been active at any level from local to national in the party and its subordinate organizations, or in organizations which further militaristic doctrines, (2) authorized or participated affirmatively in any Nazi crimes, racial persecutions or discriminations, (3) been avowed believers in Nazism or racial and militaristic creeds, or (4) voluntarily given substantial moral or material support or political assistance of any kind to the Nazi Party or Nazi officials and leaders. No such persons shall be retained in any of the categories of employment listed above because of administrative necessity, convenience or expediency.

d. Property, real and personal, owned or controlled by the Nazi party, its formations, affiliated associations and supervised organizations, and by all persons subject to arrest under the provisions of paragraph 8, and found within your zone, will be taken under your control pending a decision by the Control Council or higher authority as to its eventual disposition.

e. All archives, monuments and museums of Nazi inception, or which are devoted to the perpetuation of German militarism, will be taken under your control and their properties held pending decision as to their disposition by the Control Council.

f. You will make special efforts to preserve from destruction and take under your control records, plans, books, documents, papers, files, and scientific, industrial and other information and data belonging to or controlled by the following:

(1) The Central German Government and its subdivisions, German military organizations, organizations engaged in military research, and such other governmental agencies as may be deemed advisable;

(2) The Nazi Party, its formations, affiliated associations and supervised organizations;

(3) All police organizations, including security and political police;

(4) Important economic organizations and industrial establishments including those controlled by the Nazi Party or its personnel;

(5) Institutes and special bureaus devoting themselves to racial, political, militaristic or similar research or propaganda.

7. Demilitarization:

a. In your zone you will assure that all units of the German armed forces, including pare-military organizations, are dissolved as such, and that their personnel are promptly disarmed and controlled. Prior to their final disposition, you will arrest and hold all military personnel who are included under the provisions of paragraph 8.

b. The Control Council should proclaim, and in your zone you will effectuate, the total dissolution of all military and pare-military organizations, including the General Staff, the German Officers Corps, the Reserve Corps and military academies, together with all associations which might serve to keep alive the military tradition in Germany.

c. You will seize or destroy all arms, ammunition and implements of war and stop the production thereof.

d. You will take proper steps to destroy the German war potential, as set forth elsewhere in this directive.

8. Suspected War Criminals and Security Arrests:

a. You will search out, arrest, and hold, pending receipt by you of further instructions as to their disposition, Adolf Hitler, his chief Nazi associates, other war criminals and all persons who have participated in planning or carrying out Nazi enterprises involving or resulting in atrocities or war crimes.

b. All persons who, if permitted to remain at large would endanger the accomplishment of your objectives will also be arrested and held in custody until trial by an appropriate semi-judicial body to be established by you. The following is a partial list of the categories of persons to be arrested in order to carry out this policy:

[NOTE: There follows at this point in the directive a detailed list of categories of Nazi war criminals and others who are to be arrested. Some of these have not yet been found. It is considered that to publish the categories at this time would put the individuals concerned on notice and would interfere with their apprehension and punishment, where appropriate. The list of categories is, therefore, withheld from publication for the present.]

If in the light of conditions which you encounter in Germany, you believe that it is not immediately feasible to subject certain persons within these categories to this treatment, you should report your reasons and recommendations to your government through the Joint Chiefs of Staff. If you believe it desirable, you may postpone the arrest of those whose cases you have reported, pending a decision communicated to you by the J.C.S. In no event shall any differentiation be made between or special consideration be accorded to persons arrested, either as to manner of arrest or conditions of detention, upon the basis of wealth or political, industrial, or other rank or position. In your discretion you may make such exceptions as you deem advisable for intelligence or other military reasons.

9. Political Activities:

- a. No political activities of any kind shall be countenanced unless authorized by you. You will assure that your military government does not become committed to any political group.
- b. You will prohibit the propagation in any form of Nazi, militaristic or pan-German doctrines.
- c. No German parades, military or political, civilian or sports, shall be permitted by you.
- d. To the extent that military interests are not prejudiced and subject to the provisions of the three preceding subparagraphs and of paragraph 10, freedom of speech, press and religious worship will be permitted. Consistent with military necessity, all religious institutions will be respected.

10. Public Relations and Control of Public Information:

As a member of the Control Council, you will endeavor to obtain agreement for uniform or coordinated policies with respect to (a) control of public information media in Germany, (b) accrediting of foreign correspondents, (c) press censorship, and (d) issuance of official news communiqués dealing with Control Council matters. United States policies in these matters will be sent to you separately and you will be guided by these in your negotiations on the Control Council.

11. German Courts:

- a. All extraordinary courts, including the Volksgerichtshof (People's Court) and the Sondergerichte (Special Courts), and all courts and tribunals of the Nazi Party and of its formations, affiliated associations and supervised organizations will be abolished immediately.
- b. All ordinary criminal, civil and administrative courts, except those previously re-established by order of the military government, will be closed. After the elimination of all Nazi features and personnel you will permit those which are to exercise jurisdiction within the boundaries of your zone to resume operations under such regulations, supervision and control as you may consider appropriate. Courts which are to exercise jurisdiction over territory extending beyond the boundaries of your zone will be reopened only with the express authorization of the

Control Council and under its regulation, supervision and control. The power to review and veto decisions of German courts shall be included within the power of supervision and control.

12. Police:

With the exception of the Reichskriminalpolizei (Criminal Police) all elements of the Sicherheitspolizei (Security Police), e.g., Geheimestaatpolizei (Gestapo), and the Sicherheitsdienst der S.S. will be abolished. Criminal and ordinary police will be purged of Nazi personnel and utilized under the control and supervision of the military government.

13. Political Prisoners:

Subject to military security and the interests of the individuals concerned, you will release all persons found within your zone who have been detained or placed in custody on grounds of race, nationality, creed or political opinions and treat them as displaced persons. You should make provision for the review of convictions of alleged criminal offenses about which there may be substantial suspicion of racial, religious or political persecution, and in which sentences of imprisonment have not been fully served by persons imprisoned within your zone.

14. Education:

a. All educational institutions within your zone except those previously re-established by Allied authority will be closed. The closure of Nazi educational institutions such as Adolf Hitler Schulen, Napolas and Ordensburgen and of Nazi organizations within other educational institutions will be permanent.

b. A coordinated system of control over German education and an affirmative program of reorientation will be established designed completely to eliminate Nazi and militaristic doctrines and to encourage the development of democratic ideas.

c. You will permit the reopening of elementary (Volksschulen), middle (Mittelschulen) and vocational (Berufsschulen) schools at the earliest possible date after Nazi personnel has been eliminated. Textbooks and curricula which are not free of Nazi and militaristic doctrine shall not be used. The Control Council should devise programs looking toward the reopening of secondary schools, universities and other institutions of higher learning. After Nazi features and personnel have been eliminated and pending the formulation of such programs by the Control Council, you may formulate and put into effect an interim program within your zone and in any case may permit the reopening of such institutions and departments which offer training which you consider immediately essential or useful in the administration of military government and the purposes of the occupation.

d. It is not intended that the military government will intervene in questions concerning denominational control of German schools, or in religious instruction in German schools, except insofar as may be necessary to insure that religious instruction and administration of such schools conform to such Allied regulations as are or may be established pertaining to purging of personnel and curricula.

15. Arts and Archives:

Subject to the provisions of paragraph 6 above, you will make all reasonable efforts to preserve historical archives, museums, libraries and works of art.

PART II

Economic General Objectives and Methods of Control

16. You will assure that the German economy is administered and controlled in such a way as to accomplish the basic objectives set forth in paragraphs 4 and 5 of this Directive. Economic controls will be imposed only to the extent necessary to accomplish these objectives, provided that you will impose controls to the full extent necessary to achieve the industrial disarmament of Germany. Except as may be necessary to carry out these objectives, you will take no steps (a) looking toward the economic rehabilitation of Germany, or (b) designed to maintain or strengthen the German economy.

17. To the maximum extent possible without jeopardizing the successful execution of measures required to implement the objectives outlined in paragraphs 4 and 5 of this directive you will use German authorities and agencies and subject them to such supervision and punishment for non-compliance as is necessary to ensure that they carry out their tasks.

For this purpose you will give appropriate authority to any German agencies and administrative services you consider essential; provided, however, that you will at all times adhere strictly to the provisions of this directive regarding denazification and dissolution or elimination of Nazi organizations, institutions, principles, features, and practices.

To the extent necessary you will establish administrative machinery, not dependent upon German authorities and agencies, to execute or assure the execution of the provisions of paragraphs 19, 20, 30, 31, 32, 39 and 40 and any other measures necessary to an accomplishment of your industrial disarmament objectives.

18. In order to decentralize the structure and administration of the German economy to the maximum possible extent, you will

- a. ensure that the action required to maintain or restore essential public utilities and industrial and agricultural activities is taken as far as possible on a local and regional basis;
- b. on no account propose or approve in the Control Council the establishment of centralized administration of controls over the German economy except where such centralization of administration is clearly essential to the fulfillment of the objectives listed in paragraphs 4 and 5 of this directive. Decentralization in administration should not be permitted

to interfere with attainment of the largest practicable measure of agreement on economic policies in the Control Council

19. You will institute or assure the maintenance of such statistical records and reports as may be necessary in carrying out the objectives listed in paragraphs 4 and 5 of this directive.

20. You will initiate appropriate surveys which may assist you in achieving the objectives of the occupation. In particular you will promptly undertake surveys of supplies, equipment and resources in your zone. You will endeavor to obtain prompt agreement in the Control Council to the making of similar surveys in the other zones of occupation, and you will urge appropriate steps to coordinate the methods and results of these and other future surveys conducted in the various zones. You will keep the Control Council, United States Representative on the Reparation Commission and other appropriate authorities, currently apprised of the information obtained by means of intermediate reports or otherwise.

German Standard of Living

21. You will estimate requirements of supplies necessary to prevent starvation or widespread disease or such civil unrest as would endanger the occupying forces. Such estimates will be based upon a program whereby the Germans are made responsible for providing for themselves, out of their own work and resources. You will take all practicable economic and police measures to assure that German resources are fully utilized and consumption held to the minimum in order that imports may be strictly limited and that surpluses may be made available for the occupying forces and displaced persons and United Nations prisoners of war, and for reparation. You will take no action that would tend to support basic living standards in Germany on a higher level than that existing in any one of the neighboring United Nations and you will take appropriate measures to ensure that basic living standards of the German people are not higher than those existing in any one of the neighboring United Nations when such measures will contribute to raising the standards of any such nation.

22. You will urge upon the Control Council that uniform ration scales be applied throughout Germany, that essential items be distributed equitably among the zones, that net surpluses be made available for export to Allied countries, and that imports be limited to the net deficits of Germany as a whole.

Labor, Health, and Social Insurance

23. You will permit the self-organization of employees along democratic lines, subject to such safeguards as may be necessary to prevent the perpetuation of Nazi or militarist influence

under any guise or the continuation of any group hostile to the objectives and operations of the occupying forces.

24. You will permit free collective bargaining between employees and employers regarding wage, hour and working conditions and the establishment of machinery for the settlement of industrial disputes. Collective bargaining shall be subject to such wage, hour and other controls, if any, as may be instituted or revived by your direction.

25. Subject to the provisions of paragraph 48 of this directive you are authorized to direct German authorities to maintain or reestablish nondiscriminatory systems of social insurance and poor relief.

26. You are authorized to direct the German authorities to maintain or re-establish such health services and facilities as may be available to them.

Agriculture, Industry and Internal Commerce

27. You will require the Germans to use all means at their disposal to maximize agricultural output and to establish as rapidly as possible effective machinery for the collection and distribution of agricultural output.

28. You will direct the German authorities to utilize large-landed estates and public lands in a manner which will facilitate the accommodation and settlement of Germans and others or increase agricultural output.

29. You will protect from destruction by the Germans, and maintain for such disposition as is determined by this and other directives or by the Control Council, all plants, equipment, patents and other property, and all books and records of large German industrial companies and trade and research associations that have been essential to the German war effort or the German economy. You will pay particular attention to research and experimental establishments of such concerns.

30. In order to disarm Germany, the Control Council should
a. prevent the production, acquisition by importation or otherwise, and development of all arms, ammunition and implements of war, as well as all types of aircraft, and all parts, components and ingredients specially designed or produced for incorporation therein;

b. prevent the production of merchant ships, synthetic rubber and oil, aluminum and magnesium and any other products and equipment on which you will subsequently receive instructions;

c. seize and safeguard all facilities used in the production of any of the items mentioned in this paragraph and dispose of them as follows:

(1) remove all those required for reparation;

(2) destroy all those not transferred for reparation if they are especially adapted to the production of the items specified in this paragraph and are not of a type generally used in industries permitted to the Germans (cases of doubt to be resolved in favor of destruction);

(3) hold the balance for disposal in accordance with instructions which will be sent to you.

Pending agreement in the Control Council you will take these measures in your own zone. You will not postpone enforcement of the prohibitions contained in subparagraphs a and b and the instructions in subparagraph c without specific approval of your government through the Joint Chiefs of Staff except that, in your discretion, you may permit the production of synthetic rubber and oil, aluminum and magnesium, to the minimum extent necessary to meet the purposes stated in paragraphs 4 and 5 of the directive pending action by the Joint Chiefs of Staff upon such recommendation for postponement as you may make.

31. As an additional measure of disarmament, the Control Council should

a. prohibit initially all research activities and close all laboratories, research institutions and similar technical organizations except those considered necessary to the protection of public health;

b. abolish all those laboratories and related institutions whose work has been connected with the building of the German war machine, safeguard initially such laboratories and detain such personnel as are of interest to your technological investigations, and thereafter remove or destroy their equipment;

c. permit the resumption of scientific research in specific cases, only after careful investigation has established that the contemplated research will in no way contribute to Germany's future war potential and only under appropriate regulations which

(1) define the specific types of research permitted,

(2) exclude from further research activity any persons who previously held key positions in German war research,

(3) provide for frequent inspection,

(4) require free disclosure of the results of the research and (5) impose severe penalties, including permanent closing of the offending institution, whenever the regulations are violated.

Pending agreement in the Control Council you will adopt such measures in your own zone.

32. Pending final Allied agreements on reparation and on control or elimination of German industries that can be utilized for war production, the Control Council should

a. prohibit and prevent production of iron and steel, chemicals, non-ferrous metals (excluding aluminum and magnesium), machine tools, radio and electrical equipment, automotive vehicles, heavy machinery and important parts thereof, except for the purposes stated in paragraphs 4 and 5 of this directive

b. prohibit and prevent rehabilitation of plant and equipment in such industries except for the purposes stated in paragraphs 4 and 5 of this directive; and

c. safeguard plant and equipment in such industries for transfer on reparation account.

Pending agreement in the Control Council, you will put such measures into effect in your own zone as soon as you have had an opportunity to review and determine production necessary for the purposes stated in paragraphs 4 and 5 of this directive.

33. The Control Council should adopt a policy permitting the conversion of facilities other than those mentioned in paragraphs 30 and 32 to the production of light consumer goods, provided that such conversion does not prejudice the subsequent removal of plant and equipment on reparation account and does not require any imports beyond those necessary for the purposes specified in paragraphs 4 and 5 of this directive. Pending agreement in the Control Council, you may permit such conversion in your zone.

34. Subject to the provisions of paragraphs 30 and 32, the Control Council should assure that all feasible measures are taken to facilitate, to the minimum extent necessary for the purposes outlined in paragraphs 4 and 5 of this directive.

a. repairs to and restoration of essential transportation services and public utilities;

b. emergency repair and construction of the minimum shelter required for the civilian population;

c. production of coal and any other goods and services (excluding goods specified in paragraphs 30 and 32 unless measures to facilitate production are specifically approved by this Government through the Joint Chiefs of Staff) required for the purposes outlined in paragraphs 4 and 5 of this directive.

You will assure that such measures are taken in your own zone pending agreement in the Control Council.

35. In your capacity as zone commander and as member of the Control Council you will take steps to provide for the equitable interzonal distribution and the movement of goods and services essential to the purposes set forth in paragraphs 4 and 5 of this directive.

36. You will prohibit all cartels or other private business arrangements and cartel-like organizations, including those of a public or quasi-public character such as the Wirtschaftsgruppen providing for the regulation of marketing conditions, including production, prices, exclusive exchange of technical information and processes, and allocation of sales territories. Such necessary public functions as have been discharged by these organizations shall be absorbed as rapidly as possible by approved public agencies.

37. It is the policy of your government to effect a dispersion of the ownership and control of German industry. To assist in carrying out this policy you will make a survey of combines and pools, mergers, holding companies and interlocking directorates and communicate the results,

together with recommendations, to your government through the Joint Chiefs of Staff. You will endeavor to obtain agreement in the Control Council to the making of this survey in the other zones of occupation and you will urge the coordination of the methods and results of this survey in the various zones.

38. With due regard to paragraph 4 a, the Control Council should adopt such policies as are clearly necessary to prevent or restrain inflation of a character or dimension which would definitely endanger accomplishment of the objectives of the occupation. The Control Council, in particular, should direct and empower German authorities to maintain or establish controls over prices and wages and to take the fiscal and financial measures necessary to this end. Pending agreement in the Control Council you will assure that such measures as you consider necessary are taken in your own zone. Prevention or restraint of inflation shall not constitute an additional ground for the importation of supplies, nor shall it constitute an additional ground for limiting removal, destruction or curtailment of productive facilities in fulfillment of the program for reparation, demilitarization and industrial disarmament.

Power, Transportation, and Communications

39. Both as member of the Control Council and zone commander you will take appropriate steps to ensure that

a. power, transportation and communications facilities are directed in such a way as to carry out the objectives outlined in paragraphs 4 and 5 of this directive;

b. Germans are prohibited and prevented from producing, maintaining or operating all types of aircraft.

You will determine the degree to which centralized control and administration of power, transportation and communications is clearly necessary for the objectives stated in paragraphs 4 and 5 and urge the establishment of this degree of centralized control and administration by the Control Council.

Foreign Trade and Reparation

40. The Control Council should establish centralized control over all trade in goods and services with foreign countries. Pending agreement in the Control Council you will impose appropriate controls in your own zone.

41. Both as member of the Control Council and as zone commander you will take

appropriate steps to ensure that

a. the foreign trade controls are designed to carry out the objectives stated in paragraphs 4 and 5 of this directive;

b. imports which are permitted and furnished to Germany are confined to those unavoidably necessary to the objectives stated in paragraphs 4 and 5;

c. exports to countries other than the United Nations are prohibited unless specifically authorized by the Allied governments.

42. Both as member of the Control Council and as zone commander you will adopt a policy which would forbid German firms to participate in international cartels or other restrictive contracts and arrangements and order the prompt termination of all existing German participations in such cartels, contracts and arrangements.

43. You will carry out in your zone such programs of reparation and restitution as are embodied in Allied agreements and you will seek agreement in the Control Council on any policies and measures which it may be necessary to apply throughout Germany in order to ensure the execution of such programs.

PART III

Financial

44. You will make full application in the financial field of the principles stated elsewhere in this directive and you will endeavor to have the Control Council adopt uniform financial policies necessary to carry out the purposes stated in paragraphs 4 and 5 of this directive. You will take no steps designed to maintain, strengthen or operate the German financial structure except in so far as may be necessary for the purposes specified in this directive.

45. The Control Council should regulate and control to the extent required for the purposes set forth in paragraphs 4 and 5 the issue and volume of currency and the extension of credit in Germany and in accordance with the following principles:

a. United States forces and other Allied forces will use Allied Military marks and Reichsmark currency or coins in their possession. Allied Military marks and Reichsmark currency and coin now in circulation in Germany will be legal tender without distinction and will be interchangeable at the rate of one Allied Military mark for one Reichsmark. Reichskreditkassenscheine and other German military currency will not be legal tender in Germany.

b. The Reichsbank, the Rentenbank or any other bank or agency may be permitted or

required to issue bank notes and currency which will be legal tender; without such authorization no German governmental or private bank or agency will be permitted to issue bank notes or currency.

c. The German authorities may be required to make available Reichsmark currency or credits free of cost and in amounts sufficient to meet all the expenses of the forces of occupation, including the cost of Allied Military Government and including to the extent that compensation is made therefor, the cost of such private property as may be requisitioned, seized, or otherwise acquired, by Allied authorities for reparations or restitution purposes

Pending agreement in the Control Council you will follow these policies in your own zone.

You will receive separate instructions relative to the currency which you will use in the event that for any reason adequate supplies of Allied Military marks and Reichsmarks are not available, or if the use of such currency is found undesirable.

You will not announce or establish in your zone, until receipt of further instructions, any general rate of exchange between the Reichsmark on the one hand and the U. S. dollar and other currencies on the other. However, a rate of exchange to be used exclusively for pay of troops and military accounting purposes in your zone will be communicated separately to you.

46. Subject to any agreed policies of the Control Council, you are authorized to take the following steps and to put into effect such further financial measures as you may deem necessary to accomplish the purposes of your occupation:

a. To prohibit, or to prescribe regulations regarding transfer or other dealings in private or public securities or real estate or other property.

b. To close banks, but only for a period long enough for you to introduce satisfactory control, to remove Nazi and other undesirable personnel, and to issue instructions for the determination of accounts to be blocked under subparagraph 48 e below.

c. To close stock exchanges, insurance companies, and similar financial institutions for such periods as you deem appropriate.

d. To establish a general or limited moratorium or moratoria only to the extent clearly necessary to carry out the objectives stated in paragraphs 4 and 5 of this directive.

47. Resumption of partial or complete service on the internal public debt at the earliest feasible date is deemed desirable. The Control Council should decide the time and manner of such resumption.

48. Subject to any agreed policies of the Control Council,

a. You will prohibit:

(1) the payment of all military pensions, or emoluments or benefits, except compensation for physical disability limiting the recipient's ability to work, at rates which are no higher than the lowest of those for comparable physical disability arising from non-military causes.

(2) the payment of all public or private pensions or other emoluments or benefits granted

or conferred:

(a) by reason of membership in or services to the former Nazi party, its formations, affiliated associations or supervised organizations,

(b) to any person who has been removed from an office or position in accordance with paragraph 6, and

(c) to any person arrested and detained in accordance with paragraph 8 during the term of his arrest, or permanently, in case of his subsequent conviction.

b. You will take such action as may be necessary to insure that all laws and practices relating to taxation or other fields of finance, which discriminate for or against any persons because of race, nationality, creed or political opinion, will be amended, suspended, or abrogated to the extent necessary to eliminate such discrimination.

c. You will hold the German authorities responsible for taking such measures in the field of taxation and other fields of public finance, including restoration of the tax system and maintenance of tax revenues, as will further the accomplishment of the objectives stated in paragraphs 4 and 5.

d. You will exercise general supervision over German public expenditures in order to ensure that they are consistent with the objectives stated in paragraphs 4 and 5.

e. You will impound or block all gold, silver, currencies, securities, accounts in financial institutions, credits, valuable papers, and all other assets falling within the following categories:

(1) Property owned or controlled directly or indirectly, in whole or in part, by any of the following: (a) The German Reich, or any of the Lander, Gaue or provinces, any Kreis, Municipality or other similar local subdivision; or any agency or instrumentality of any of them including all utilities, undertakings, public corporations or monopolies under the control of any of the above; (b) Governments, nationals or residents of other nations, including those of territories occupied by them, at war with any of the United Nations at any time since 1 September 1939; (c) The Nazi Party, its formations, affiliated associations and supervised organizations, its officials, leading members and supporters; (d) All organizations, clubs or other associations prohibited or dissolved by military government; (e) Absentee owners, of non-German nationality including United Nations and neutral governments and Germans outside of Germany; (f) Any institution dedicated to public worship, charity, education or the arts and sciences which has been used by the Nazi Party to further its interests or to cloak its activities; (g) Persons subject to arrest under provisions of paragraph 8, and all other persons specified by military government by inclusion in lists or otherwise.

(2) Property which has been the subject of transfer under duress or wrongful acts of confiscation, disposition or spoliation, whether pursuant to legislation or by procedure purporting to follow forms of law or otherwise.

(3) Works of art or cultural material of value or importance, regardless of the ownership thereof.

You will take such action as will insure that any impounded or blocked assets will be dealt with only as permitted under licenses or other instructions which you may issue. In the case particularly of property blocked under (1) (a) above, you will proceed to adopt licensing measures which while maintaining such property under surveillance would permit its use in consonance with this directive. In the case of property blocked under (2) above, you will institute

measures for prompt restitution, in conformity with the objectives stated in paragraphs 4 and 5 and subject to appropriate safeguards to prevent the cloaking of Nazi and militaristic influence.

49. All foreign exchange transactions, including those arising out of exports and imports, shall be controlled with the aim of preventing Germany from developing a war potential and of achieving the other objectives set forth in this directive. To effectuate these purposes the Control Council should

a. Seek out and reduce to the possession and control of a special agency all German (public and private) foreign exchange and external assets of every kind and description located within or outside Germany.

b. Prohibit, except as authorized by regulation or license, all dealings in gold, silver, foreign exchange, and all foreign exchange transactions of any kind. Make available any foreign exchange proceeds of exports for payment of imports directly necessary to the accomplishment of the objectives stated in paragraphs 4 and 5 of this directive, and authorize no other outlay of foreign exchange assets except for purposes approved by the Control Council or other appropriate authority.

c. Establish effective controls with respect to all foreign exchange transactions, including:

(1) Transactions as to property between persons inside Germany and persons outside Germany;

(2) Transactions involving obligations owed by or to become due from any person in Germany to any person outside Germany; and

(3) Transactions involving the importation into or exportation from Germany of any foreign exchange asset or other form of property.

Pending agreement in the Control Council, you will take in your zone the action indicated in subparagraphs a, b and c above. Accordingly, you will in your zone reduce to the possession and control of a special agency established by you, within your Command, all German foreign exchange and external assets as provided in subparagraph a. You will endeavor to have similar agencies for the same purpose established in the other zones of occupation and to have them merged as soon as practicable in one agency for the entire occupied territory. In addition you will provide full reports to your government with respect to all German foreign exchange and external assets.

50. No extension of credit to Germany or Germans by any foreign person or Government shall be permitted except that the Control Council may in special emergencies grant permission for such extensions of credit.

51. It is not anticipated that you will make credits available to the Reichsbank or any other bank or to any public or private institution. If, in your opinion, such action becomes essential, you may take such emergency actions as you may deem proper, but in any event, you will report the facts to the Control Council.

52. You will maintain such accounts and records as may be necessary to reflect the financial operations of the military government in your zone and you will provide the Control Council with such information as it may require, including information in connection with the use of currency by your forces, any governmental settlements, occupation costs, and other expenditures arising out of operations or activities involving participation of your forces.

Appendix D: President Roosevelt's first draft to partition Germany

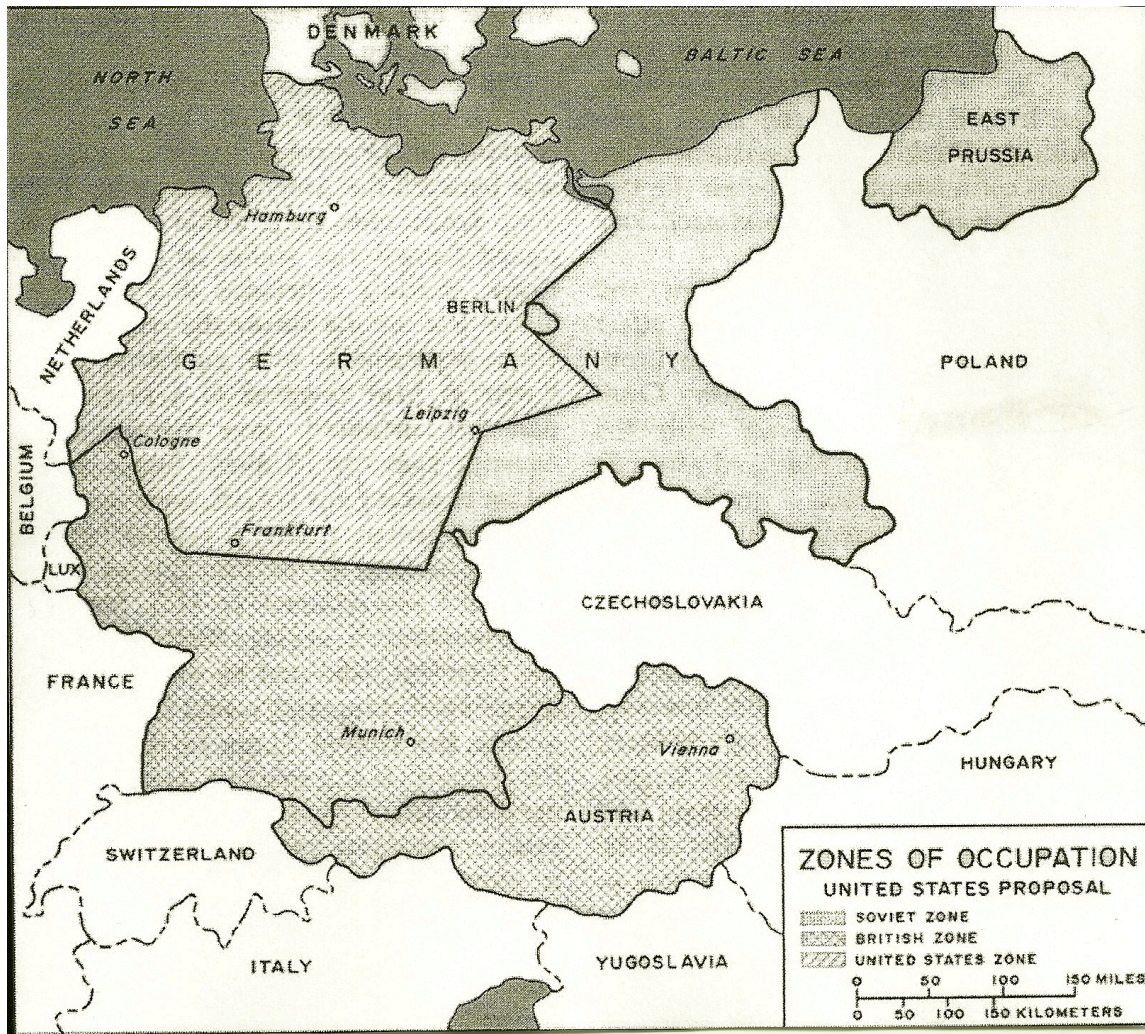


◆ National Geographic Society

ROOSEVELT'S CONCEPT OF POSTAL OCCUPATION ZONES for Germany drawn in pencil by the President himself on a National Geographic Society map while en route to the Cairo conference

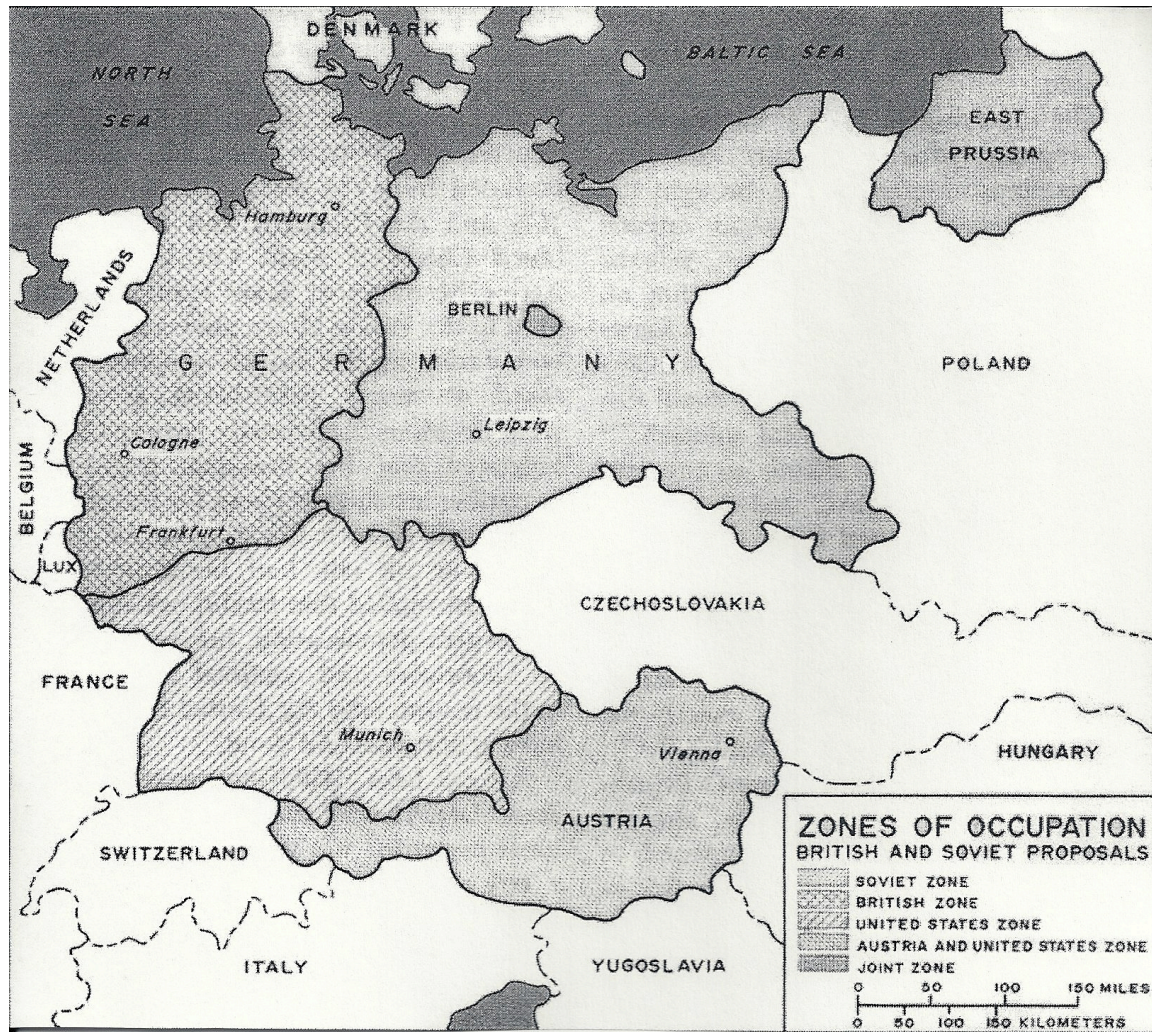
Source: Earl Frederick Ziemke. *The U.S. Army in the occupation of Germany, 1944-1946*. Washington, D.C.: Center of Military History United States Army. 1975. 116.

Appendix E: United States proposal based on President Roosevelt's draft



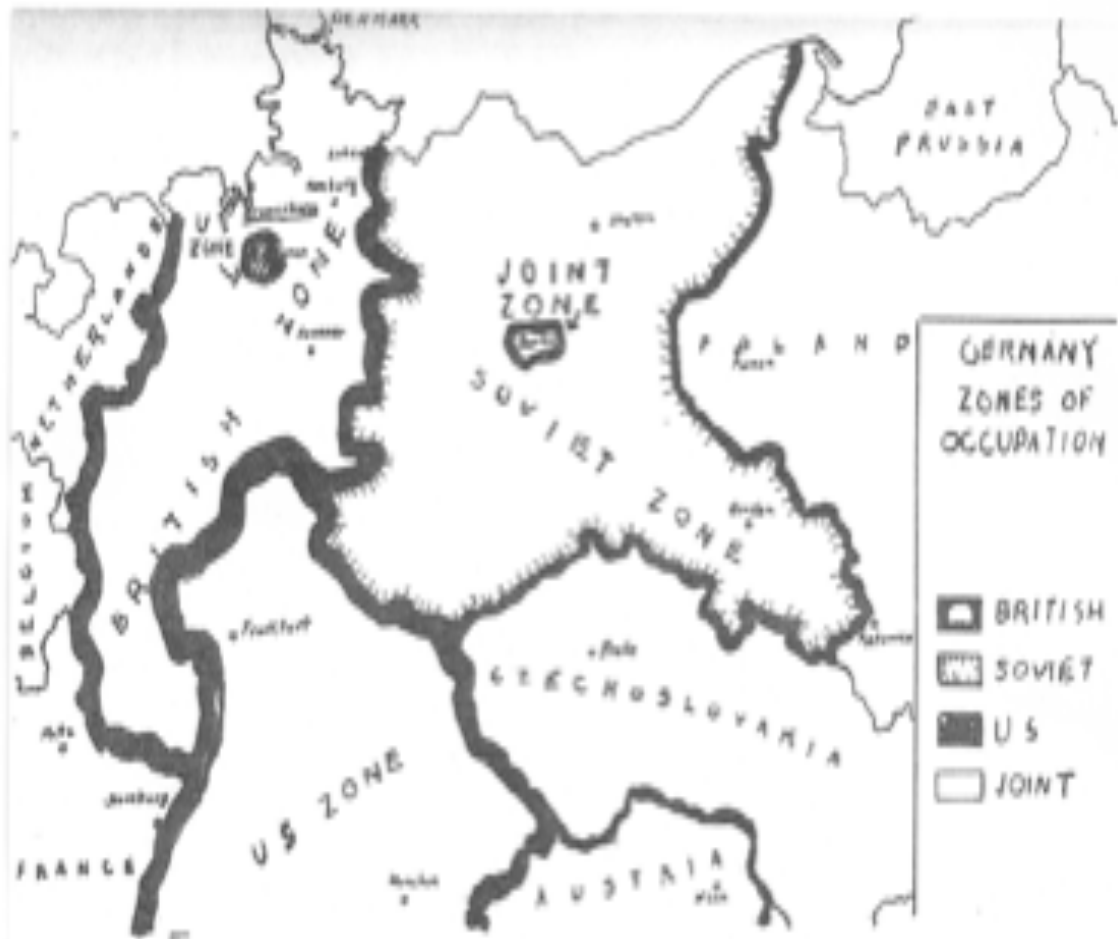
Source: Earl Frederick Ziemke. *The U.S. Army in the occupation of Germany, 1944-1946*. Washington, D.C.: Center of Military History United States Army. 1975. 121.

Appendix F: Map of combined British-Soviet proposal to partition Germany



Source: Earl Frederick Ziemke. *The U.S. Army in the occupation of Germany, 1944-1946*. Washington, D.C.: Center of Military History United States Army. 1975. 120.

Appendix G: The United States proposal of occupation zones at Yalta



Map of zones of occupation in Germany presented by President Roosevelt to the Yalta Conference on 5 February 1945.

Source: John Wheeler-Bennett: *The Semblance of Peace*. London: MacMillan. 1972. 227.

Appendix H: Berlin Declaration of June 5, 1945

Declaration regarding the defeat of Germany and the assumption of supreme authority with respect to Germany by the Governments of the United States of America, the Union of Soviet Socialist Republics, the United Kingdom and the Provisional Government of the French Republic.

The German armed forces on land, at sea and in the air have been completely defeated and have surrendered unconditionally and Germany, which bears responsibility for the war, is no longer capable of resisting the will of the victorious Powers. The unconditional surrender of Germany has thereby been effected, and Germany has become subject to such requirements as may now or hereafter be imposed upon her.

There is no central Government or authority in Germany capable of accepting responsibility for the maintenance of order, the administration of the country and compliance with the requirements of the victorious Powers.

It is in these circumstances necessary, without prejudice to any subsequent decisions that may be taken respecting Germany, to make provision for the cessation of any further hostilities on the part of the German armed forces, for the maintenance of order in Germany and for the administration of the country, and to announce the immediate requirements with which Germany must comply.

The Representatives of the Supreme Commands of the United States of America, the Union of Soviet Socialist Republics, the United Kingdom and the French Republic, hereinafter called the "Allied Representatives," acting by authority of their respective Governments and in the interests of the United Nations, accordingly make the following Declaration:

The Governments of the United States of America, the Union of Soviet Socialist Republics and the United Kingdom, and the Provisional Government of the French Republic, hereby assume supreme authority with respect to Germany, including all the powers possessed by the German Government, the High Command and any state, municipal, or local government or authority. The assumption, for the purposes stated above, of the said authority and powers does not affect the annexation of Germany.

The Governments of the United States of America, the Union of Soviet Socialist Republics and the United Kingdom, and the Provisional Government of the French Republic, will hereafter determine the boundaries of Germany or any part thereof and the status of Germany or of any area at present being part of German territory.

In virtue of the supreme authority and powers thus assumed by the four Governments, the Allied Representatives announce the following requirements arising from the complete defeat and unconditional surrender of Germany with which Germany must comply:

ARTICLE 1 Germany, and all German military, naval and air authorities and all forces under German control shall immediately cease hostilities in all theatres of war against the forces of the

United Nations on land, at sea and in the air.

ARTICLE 2 (a) All armed forces of Germany or under German control, wherever they may be situated, including land, air, anti-aircraft and naval forces, the S.S., S.A. and Gestapo, and all other forces of auxiliary organisations equipped with weapons, shall be completely disarmed, handing over their weapons and equipment to local Allied Commanders or to officers designated by the Allied Representatives

(b) The personnel of the formations and units of all the forces referred to in paragraph (a) above shall, at the discretion of the Commander-in-Chief of the Armed Forces of the Allied State concerned, be declared to be prisoners of war, pending further decisions, and shall be subject to such conditions and directions as may be prescribed by the respective Allied Representatives.

(c) All forces referred to in paragraph (a) above, wherever they may be, will remain in their present positions pending instructions from the Allied Representatives.

(d) Evacuation by the said forces of all territories outside the frontiers of Germany as they existed on the 31st December, 1937, will proceed according to instructions to be given by the Allied Representatives.

(e) Detachments of civil police to be armed with small arms only, for the maintenance of order and for guard duties, will be designated by the Allied Representatives.

ARTICLE 3 (a) All aircraft of any kind or nationality in Germany or German-occupied or controlled territories or waters, military, naval or civil, other than aircraft in the service of the Allies, will remain on the ground, on the water or aboard ships pending further instructions.

(b) All German or German-controlled aircraft in or over territories or waters not occupied or controlled by Germany will proceed to Germany or to such other place or places as may be specified by the Allied Representatives.

ARTICLE (a) All German or German-controlled naval vessels, surface and submarine, auxiliary naval craft, and merchant and other shipping, wherever such vessels may be at the time of this Declaration, and all other merchant ships of whatever nationality in German ports, will remain in or proceed immediately to ports and bases as specified by the Allied Representatives. The crews of such vessels will remain on board pending further instructions.

(b) All ships and vessels of the United Nations, whether or not title has been transferred as the result of prize court or other proceedings, which are at the disposal of Germany or under German control at the time of this Declaration, will proceed at the dates and to the ports or bases specified by the Allied Representatives.

ARTICLE 5 (a) All or any of the following articles in the possession of the German armed

forces or under German control or at German disposal will be held intact and in good condition at the disposal of the Allied Representatives, for such purposes and at such times and places as they may prescribe:

- (i) all arms, ammunition, explosives, military equipment, stores and supplies and other implements of war of all kinds and all other war materials;
- (ii) all naval vessels of all classes, both surface and submarine, auxiliary naval craft and all merchant shipping, whether afloat, under repair or construction, built or building;
- (iii) all aircraft of all kinds, aviation and anti-aircraft equipment and devices;
- (iv) all transportation and communications facilities and equipment, by land, water or air;
- (v) all military installations and establishments, including airfields, seaplane bases, ports and naval bases, storage depots, permanent and temporary land and coast fortifications, fortresses and other fortified areas, together with plans and drawings of all such fortifications, installations and establishments;
- (vi) all factories, plants, shops, research institutions, laboratories, testing stations, technical data, patents, plans, drawings and inventions, designed or intended to produce or to facilitate the production or use of the articles, materials, and facilities referred to in subparagraphs (i), (ii), (iii), (iv) and (v) above or otherwise to further the conduct of war.

(b) At the demand of the Allied Representatives the following will be furnished:

- (i) the labour, services and plant required for the maintenance or operation of any of the six categories mentioned in paragraph (a) above; and
- (ii) any information or records that may be required by the Allied Representatives in connection with the same.

(c) At the demand of the Allied Representatives all facilities will be provided for the movement of Allied troops and agencies, their equipment and supplies, on the railways, roads and other land communications or by sea, river or air. All means of transportation will be maintained in good order and repair, and the labour, services and plant necessary therefor will be furnished.

ARTICLE 6 (a) The German authorities will release to the Allied Representatives, in accordance with the procedure to be laid down by them, all prisoners of war at present in their power, belonging to the forces of the United Nations, and will furnish full lists of these persons, indicating the places of their detention in Germany or territory occupied by Germany. Pending the release of such prisoners of war, the German authorities and people will protect them in their persons and property and provide them with adequate food, clothing, shelter, medical attention and money in accordance with their rank or official position.

(b) The German authorities and people will in like manner provide for and release all other nationals of the United Nations who are confined, interned or otherwise under restraint, and all other persons who may be confined, interned or otherwise under restraint for political reasons or as a result of any Nazi action, law or regulation which discriminates on the ground of race, colour, creed or political belief.

(c) The German authorities will, at the demand of the Allied Representatives, hand over control of places of detention to such officers as may be designated for the purpose by the Allied Representatives.

ARTICLE 7 The German authorities concerned will furnish to the Allied Representatives:

(a) full information regarding the forces referred to in Article 2 (a), and, in particular, will furnish forthwith all information which the Allied Representatives may require concerning the numbers, locations and dispositions of such forces, whether located inside or outside Germany;

(b) complete and detailed information concerning mines, minefields and other obstacles to movement by land, sea or air, and the safety lanes in connection therewith. All such safety lanes will be kept open and clearly marked; all mines, minefields and other dangerous obstacles will as far as possible be rendered safe, and all aids to navigation will be reinstated. Unarmed German military and civilian personnel with the necessary equipment will be made available and utilized for the above purposes and for the removal of mines, minefields and other obstacles as directed by the Allied Representatives.

ARTICLE 8 There shall be no destruction, removal, concealment, transfer or scuttling of, or damage to, any military, naval, air, shipping, port, industrial and other like property and facilities and all records and archives, wherever they may be situated, except as may be directed by the Allied Representatives.

ARTICLE 9 Pending the institution of control by the Allied Representatives over all means of communication, all radio and telecommunication installations and other forms of wire or wireless communications, whether ashore or afloat, under German control, will cease transmission except as directed by the Allied Representatives.

ARTICLE 10 The forces, ships, aircraft, military equipment, and other property in Germany or in German control or service or at German disposal, of any other country at war with any of the Allies, will be subject to the provisions of this Declaration and of any proclamations, orders, ordinances or instructions issued thereunder.

ARTICLE 11 (a) The principal Nazi leaders as specified by the Allied Representatives, and all persons from time to time named or designated by rank, office or employment by the Allied Representatives as being suspected of having committed, ordered or abetted war crimes or analogous offences, will be apprehended and surrendered to the Allied Representatives.

(b) The same will apply in the case of any national of any of the United Nations who is alleged to have committed an offence against his national law, and who may at any time be named or designated by rank, office or employment by the Allied Representatives.

(c) The German authorities and people will comply with any instructions given by the Allied Representatives for the apprehension and surrender of such persons.

ARTICLE 12 The Allied Representatives will station forces and civil agencies in any or all parts of Germany as they may determine.

ARTICLE 13 (a) In the exercise of the supreme authority with respect to Germany assumed by the Governments of the United States of America, the Union of Soviet Socialist Republics and the United Kingdom, and the Provisional Government of the French Republic, the four Allied Governments will take such steps, including the complete disarmament and demilitarization of

Germany, as they deem requisite for future peace and security.

(b) The Allied Representatives will impose on Germany additional political, administrative, economic, financial, military and other requirements arising from the complete defeat of Germany. The Allied Representatives, or persons or agencies duly designated to act on their authority, will issue proclamations, orders, ordinances and instructions for the purpose of laying down such additional requirements, and of giving effect to the other provisions of this Declaration. All German authorities and the German people shall carry out unconditionally the requirements of the Allied Representatives, and shall fully comply with all such proclamations, orders, ordinances and instructions.

ARTICLE 14 This Declaration enters into force and effect at the date and hour set forth below. In the event of failure on the part of the German authorities or people promptly and completely to fulfill their obligations hereby or hereafter imposed, the Allied Representatives will take whatever action may be deemed by them to be appropriate under the circumstances.

ARTICLE 15 This Declaration is drawn up in the English, Russian, French and German languages. The English, Russian and French are the only authentic texts.

BERLIN, GERMANY, June 5, 1945.

Appendix I: Potsdam Protocol (abstract)

The Berlin (Potsdam) Conference, July 17-August 2, 1945 (a) Protocol of the Proceedings, August 1, 1945

The Berlin Conference of the Three Heads of Government of the U. S. S. R., U. S. A., and U. K., which took place from July 17 to August 2, 1945, came to the following conclusions:

I. ESTABLISHMENT OF A COUNCIL OF FOREIGN MINISTERS.

A. The Conference reached the following agreement for the establishment of a Council of Foreign Ministers to do the necessary preparatory work for the peace settlements:

" (1) There shall be established a Council composed of the Foreign Ministers of the United Kingdom, the Union of Soviet Socialist Republics, China, France, and the United States.

"(2) (i) The Council shall normally meet in London which shall be the permanent seat of the joint Secretariat which the Council will form. Each of the Foreign Ministers will be accompanied by a high-ranking Deputy, duly authorized to carry on the work of the Council in the absence of his Foreign Ministers, and by a small staff of technical advisers.

" (ii) The first meeting of the Council shall be held in London not later than September 1st 1945. Meetings may be held by common agreement in other capitals as may be agreed from time to time.

" (3) (i) As its immediate important task, the Council shall be authorized to draw up, with a view to their submission to the United Nations, treaties of peace with Italy, Rumania, Bulgaria, Hungary and Finland, and to propose settlements of territorial questions outstanding on the termination of the war in Europe. The Council shall be utilized for the preparation of a peace settlement for Germany to be accepted by the Government of Germany when a government adequate for the purpose is established.

"(ii) For the discharge of each of these tasks the Council will be composed of the Members representing those States which were signatory to the terms of surrender imposed upon the enemy State concerned. For the purposes of the peace settlement for Italy, France shall be regarded as a signatory to the terms of surrender for Italy. Other Members will be invited to participate when matters directly concerning them are under discussion.

" (iii) Other matters may from time to time be referred to the Council by agreement between the Member Governments.

"(4) (i) Whenever the Council is considering a question of direct interest to a State not represented thereon, such State should be invited to send representatives to participate in the discussion and study of that question.

"(ii) The Council may adapt its procedure to the particular problems under consideration. In

some cases it may hold its own preliminary discussions prior to the participation of other interested States. In other cases, the Council may convoke a formal conference of the State chiefly interested in seeking a solution of the particular problem."

B. It was agreed that the three Governments should each address an identical invitation to the Governments of China and France to adopt this text and to join in establishing the Council. The text of the approved invitation was as follows:

Council of Foreign Ministers Draft for identical invitation to be sent separately by each of the Three Governments to the Governments of China and France.

"The Governments of the United Kingdom, the United States and the U. S. S. R. consider it necessary to begin without delay the essential preparatory work upon the peace settlements in Europe. To this end they are agreed that there should be established a Council of the Foreign Ministers of the Five Great Powers to prepare treaties of peace with the European enemy States, for submission to the United Nations. The Council would also be empowered to propose settlements of outstanding territorial questions in Europe and to consider such other matters as member Governments might agree to refer to it.

"The text adopted by the Three Governments is as follows:

(Here insert final agreed text of the Proposal)

"In agreement with the Governments of the United States and U. S. S. R., His Majesty's Government in the United Kingdom and U. S. S. R., the United States Government, the United Kingdom and the Soviet Government extend a cordial invitation to the Government of China (France) to adopt the text quoted above and to join in setting up the Council. His Majesty's Government, The United States Government, The Soviet Government attach much importance to the participation of the Chinese Government (French Government) in the proposed arrangements and they hope to receive an early and favorable reply to this invitation."

C. It was understood that the establishment of the Council of Foreign Ministers for the specific purposes named in the text would be without prejudice to the agreement of the Crimea Conference that there should be periodical consultation between the Foreign Secretaries of the United States, the Union of Soviet Socialist Republics and the United Kingdom.

D. The Conference also considered the position of the European Advisory Commission in the light of the Agreement to establish the Council of Foreign Ministers. It was noted with satisfaction that the Commission had ably discharged its principal tasks by the recommendations that it had furnished for the terms of surrender for Germany, for the zones of occupation in Germany and Austria and for the inter-Allied control machinery in those countries. It was felt that further work of a detailed character for the coordination of Allied policy for the control of Germany and Austria would in future fall within the competence of the Control Council at Berlin and the Allied Commission at Vienna. Accordingly it was agreed to recommend that the European Advisory Commission be dissolved.

II. THE PRINCIPLES TO GOVERN THE TREATMENT OF GERMANY IN THE INITIAL CONTROL PERIOD

A. POLITICAL PRINCIPLES.

1. In accordance with the Agreement on Control Machinery in Germany, supreme authority in Germany is exercised, on instructions from their respective Governments, by the Commanders-in-Chief of the armed forces of the United States of America, the United Kingdom, the Union of Soviet Socialist Republics, and the French Republic, each in his own zone of occupation, and also jointly, in matters affecting Germany as a whole, in their capacity as members of the Control Council.

2. So far as is practicable, there shall be uniformity of treatment of the German population throughout Germany.

3. The purposes of the occupation of Germany by which the Control Council shall be guided are:

(i) The complete disarmament and demilitarization of Germany and the elimination or control of all German industry that could be used for military production. To these ends:-

(a) All German land, naval and air forces, the SS., SA., SD., and Gestapo, with all their organizations, staffs and institutions, including the General Staff, the Officers' Corps, Reserve Corps, military schools, war veterans' organizations and all other military and semi-military organizations, together with all clubs and associations which serve to keep alive the military tradition in Germany, shall be completely and finally abolished in such manner as permanently to prevent the revival or reorganization of German militarism and Nazism;

(b) All arms, ammunition and implements of war and all specialized facilities for their production shall be held at the disposal of the Allies or destroyed. The maintenance and production of all aircraft and all arms, ammunition and implements of war shall be prevented.

(ii) To convince the German people that they have suffered a total military defeat and that they cannot escape responsibility for what they have brought upon themselves, since their own ruthless warfare and the fanatical Nazi resistance have destroyed German economy and made chaos and suffering inevitable.

(iii) To destroy the National Socialist Party and its affiliated and supervised organizations, to dissolve all Nazi institutions, to ensure that they are not revived in any form, and to prevent all Nazi and militarist activity or propaganda.

(iv) To prepare for the eventual reconstruction of German political life on a democratic basis and for eventual peaceful cooperation in international life by Germany.

4. All Nazi laws which provided the basis of the Hitler regime or established discriminations on grounds of race, creed, or political opinion shall be abolished. No such

discriminations, whether legal, administrative or otherwise, shall be tolerated.

5. War criminals and those who have participated in planning or carrying out Nazi enterprises involving or resulting in atrocities or war crimes shall be arrested and brought to judgment. Nazi leaders, influential Nazi supporters and high officials of Nazi organizations and institutions and any other persons dangerous to the occupation or its objectives shall be arrested and interned.

6. All members of the Nazi Party who have been more than nominal participants in its activities and all other persons hostile to Allied purposes shall be removed from public and semi-public office, and from positions of responsibility in important private undertakings. Such persons shall be replaced by persons who, by their political and moral qualities, are deemed capable of assisting in developing genuine democratic institutions in Germany.

7. German education shall be so controlled as completely to eliminate Nazi and militarist doctrines and to make possible the successful development of democratic ideas.

8. The judicial system will be reorganized in accordance with the principles of democracy, of justice under law, and of equal rights for all citizens without distinction of race, nationality or religion.

9. The administration in Germany should be directed towards the decentralization of the political structure and the development of local responsibility. To this end:-

(i) local self-government shall be restored throughout Germany on democratic principles and in particular through elective councils as rapidly as is consistent with military security and the purposes of military occupation;

(ii) all democratic political parties with rights of assembly and of public discussion shall be allowed and encouraged throughout Germany;

(iii) representative and elective principles shall be introduced into regional, provincial and state (Land) administration as rapidly as may be justified by the successful application of these principles in local self-government;

(iv) for the time being, no central German Government shall be established. Notwithstanding this, however, certain essential central German administrative departments, headed by State Secretaries, shall be established, particularly in the fields of finance, transport, communications, foreign trade and industry. Such departments will act under the direction of the Control Council.

10. Subject to the necessity for maintaining military security, freedom of speech, press and religion shall be permitted, and religious institutions shall be respected. Subject likewise to the maintenance of military security, the formation of free trade unions shall be permitted.

B. ECONOMIC PRINCIPLES.

11. In order to eliminate Germany's war potential, the production of arms, ammunition and implements of war as well as all types of aircraft and sea-going ships shall be prohibited and prevented. Production of metals, chemicals, machinery and other items that are directly necessary to a war economy shall be rigidly controlled and restricted to Germany's approved post-war peacetime needs to meet the objectives stated in Paragraph 15. Productive capacity not needed for permitted production shall be removed in accordance with the reparations plan recommended by the Allied Commission on Reparations and approved by the Governments concerned or if not removed shall be destroyed.

12. At the earliest practicable date, the German economy shall be decentralized for the purpose of eliminating the present excessive concentration of economic power as exemplified in particular by cartels, syndicates, trusts and other monopolistic arrangements.

13. In organizing the German Economy, primary emphasis shall be given to the development of agriculture and peaceful domestic industries.

14. During the period of occupation Germany shall be treated as a single economic unit. To this end common policies shall be established in regard to:

- (a) mining and industrial production and its allocation;
- (b) agriculture, forestry and fishing;
- (c) wages, prices and rationing;
- (d) import and export programs for Germany as a whole;
- (e) currency and banking, central taxation and customs;
- (f) reparation and removal of industrial war potential;
- (g) transportation and communications.

In applying these policies account shall be taken, where appropriate, of varying local conditions.

15. Allied controls shall be imposed upon the German economy but only to the extent necessary:

(a) to carry out programs of industrial disarmament, demilitarization, of reparations, and of approved exports and imports.

(b) to assure the production and maintenance of goods and services required to meet the needs of the occupying forces and displaced persons in Germany and essential to maintain in

Germany average living standards not exceeding the average of the standards of living of European countries. (European countries means all European countries excluding the United Kingdom and the U. S. S. R.).

(c) to ensure in the manner determined by the Control Council the equitable distribution of essential commodities between the several zones so as to produce a balanced economy throughout Germany and reduce the need for imports.

(d) to control German industry and all economic and financial international transactions including exports and imports, with the aim of preventing Germany from developing a war potential and of achieving the other objectives named herein.

(e) to control all German public or private scientific bodies research and experimental institutions, laboratories, *et cetera* connected with economic activities.

16. In the imposition and maintenance of economic controls established by the Control Council, German administrative machinery shall be created and the German authorities shall be required to the fullest extent practicable to proclaim and assume administration of such controls. Thus it should be brought home to the German people that the responsibility for the administration of such controls and any break-down in these controls will rest with themselves. Any German controls which may run counter to the objectives of occupation will be prohibited.

17. Measures shall be promptly taken:

(a) to effect essential repair of transport;

(b) to enlarge coal production;

(c) to maximize agricultural output; and

(d) to erect emergency repair of housing and essential utilities.

18. Appropriate steps shall be taken by the Control Council to exercise control and the power of disposition over German-owned external assets not already under the control of United Nations which have taken part in the war against Germany.

19. Payment of Reparations should leave enough resources to enable the German people to subsist without external assistance. In working out the economic balance of Germany the necessary means must be provided to pay for imports approved by the Control Council in Germany. The proceeds of exports from current production and stocks shall be available in the first place for payment for such imports.

The above clause will not apply to the equipment and products referred to in paragraphs 4 (a) and 4 (b) of the Reparations Agreement.

III. REPARATIONS FROM GERMANY.

1. Reparation claims of the U. S. S. R. shall be met by removals from the zone of Germany occupied by the U. S. S. R., and from appropriate German external assets.

2. The U. S. S. R. undertakes to settle the reparation claims of Poland from its own share of reparations.

3. The reparation claims of the United States, the United Kingdom and other countries entitled to reparations shall be met from the Western Zones and from appropriate German external assets.

4. In addition to the reparations to be taken by the U. S. S. R. from its own zone of occupation, the U. S. S. R. shall receive additionally from the Western Zones:

(a) 15 per cent of such usable and complete industrial capital equipment, in the first place from the metallurgical, chemical and machine manufacturing industries as is unnecessary for the German peace economy and should be removed from the Western Zones of Germany, in exchange for an equivalent value of food, coal, potash, zinc, timber, clay products, petroleum products, and such other commodities as may be agreed upon.

(b) 10 per cent of such industrial capital equipment as is unnecessary for the German peace economy and should be removed from the Western Zones, to be transferred to the Soviet Government on reparations account without payment or exchange of any kind in return.

Removals of equipment as provided in (a) and (b) above shall be made simultaneously.

5. The amount of equipment to be removed from the Western Zones on account of reparations must be determined within six months from now at the latest.

6. Removals of industrial capital equipment shall begin as soon as possible and shall be completed within two years from the determination specified in paragraph 5. The delivery of products covered by 4 (a) above shall begin as soon as possible and shall be made by the U. S. S. R. in agreed installments within five years of the date hereof. The determination of the amount and character of the industrial capital equipment unnecessary for the German peace economy and therefore available for reparation shall be made by the Control Council under policies fixed by the Allied Commission on Reparations, with the participation of France, subject to the final approval of the Zone Commander in the Zone from which the equipment is to be removed.

7. Prior to the fixing of the total amount of equipment subject to removal, advance deliveries shall be made in respect to such equipment as will be determined to be eligible for delivery in accordance with the procedure set forth in the last sentence of paragraph 6.

8. The Soviet Government renounces all claims in respect of reparations to shares of German enterprises which are located in the Western Zones of Germany as well as to German foreign assets in all countries except those specified in paragraph 9 below.

9. The Governments of the U. K. and U. S. A. renounce all claims in respect of reparations to shares of German enterprises which are located in the Eastern Zone of occupation in Germany, as well as to German foreign assets in Bulgaria, Finland, Hungary, Rumania and Eastern Austria.

10. The Soviet Government makes no claims to gold captured by the Allied troops in Germany.

IV. DISPOSAL OF THE GERMAN NAVY AND MERCHANT MARINE

A. The following principles for the distribution of the German Navy were agreed:

(1) The total strength of the German surface navy, excluding ships sunk and those taken over from Allied Nations, but including ships under construction or repair, shall be divided equally among the U. S. S. R., U. K., and U. S. A.

(2) Ships under construction or repair mean those ships whose construction or repair may be completed within three to six months, according to the type of ship. Whether such ships under construction or repair shall be completed or repaired shall be determined by the technical commission appointed by the Three Powers and referred to below, subject to the principle that their completion or repair must be achieved within the time limits above provided, without any increase of skilled employment in the German shipyards and without permitting the reopening of any German ship building or connected industries. Completion date means the date when a ship is able to go out on its first trip, or, under peacetime standards, would refer to the customary date of delivery by shipyard to the Government.

(3) The larger part of the German submarine fleet shall be sunk. Not more than thirty submarines shall be preserved and divided equally between the U. S. S. R., U. K., and U. S. A. for experimental and technical purposes.

(4) All stocks of armament, ammunition and supplies of the German Navy appertaining to the vessels transferred pursuant to paragraphs (1) and (3) hereof shall be handed over to the respective powers receiving such ships.

(5) The Three Governments agree to constitute a tripartite naval commission comprising two representatives for each government, accompanied by the requisite staff, to submit agreed recommendations to the Three Governments for the allocation of specific German warships and to handle other detailed matters arising out of the agreement between the Three Governments regarding the German fleet. The Commission will hold its first meeting not later than 15th August, 1945, in Berlin, which shall be its headquarters. Each Delegation on the Commission will have the right on the basis of reciprocity to inspect German warships wherever they may be located.

(6) The Three Governments agreed that transfers, including those of ships under construction and repair, shall be completed as soon as possible, but not later than 15th February, 1946. The Commission will submit fortnightly reports, including proposals for the progressive allocation of the vessels when agreed by the Commission.

B. The following principles for the distribution of the German Merchant Marine were agreed:-

(1) The German Merchant Marine, surrendered to the Three Powers and wherever located, shall be divided equally among the U. S. S. R., the U. K., and the U. S. A. The actual transfers of the ships to the respective countries shall take place as soon as practicable after the end of the war against Japan. The United Kingdom and the United States will provide out of their shares of the surrendered German merchant ships appropriate amounts for other Allied States whose merchant marines have suffered heavy losses in the common cause against Germany, except that the Soviet Union shall provide out of its share for Poland.

(2) The allocation, manning, and operation of these ships during the Japanese War period shall fall under the cognizance and authority of the Combined Shipping Adjustment Board and the United Maritime Authority.

(3) While actual transfer of the ships shall be delayed until after the end of the war with Japan, a Tripartite Shipping Commission shall inventory and value all available ships and recommend a specific distribution in accordance with paragraph (1).

(4) German inland and coastal ships determined to be necessary to the maintenance of the basic German peace economy by the Allied Control Council of Germany shall not be included in the shipping pool thus divided among the Three Powers.

(5) The Three Governments agree to constitute a tripartite merchant marine commission comprising two representatives for each Government, accompanied by the requisite staff, to submit agreed recommendations to the Three Governments for the allocation of specific German merchant ships and to handle other detailed matters arising out of the agreement between the Three Governments regarding the German merchant ships. The Commission will hold its first meeting not later than September 1st, 1945, in Berlin, which shall be its headquarters. Each delegation on the Commission will have the right on the basis of reciprocity to inspect the German merchant ships wherever they may be located.

V. CITY OF KOENIGSBERG AND THE ADJACENT AREA.

The Conference examined a proposal by the Soviet Government to the effect that pending the final determination of territorial questions at the peace settlement, the section of the western frontier of the Union of Soviet Socialist Republics which is adjacent to the Baltic Sea should pass from a point on the eastern shore of the Bay of Danzig to the east, north of Braunsberg-Goldap, to the meeting point of the frontiers of Lithuania, the Polish Republic and East Prussia.

The Conference has agreed in principle to the proposal of the Soviet Government concerning the ultimate transfer to the Soviet Union of the City of Koenigsberg and the area adjacent to it as described above subject to expert examination of the actual frontier.

The President of the United States and the British Prime Minister have declared that they will support the proposal of the Conference at the forthcoming peace settlement.

VI. WAR CRIMINALS.

The Three Governments have taken note of the discussions which have been proceeding in recent weeks in London between British, United States, Soviet and French representatives with a view to reaching agreement on the methods of trial of those major war criminals whose crimes under the Moscow Declaration of October, 1943 have no particular geographical localization. The Three Governments reaffirm their intention to bring these criminals to swift and sure justice. They hope that the negotiations in London will result in speedy agreement being reached for this purpose, and they regard it as a matter of great importance that the trial of these major criminals should begin at the earliest possible date. The first list of defendants will be published before 1st September.

VIII. POLAND.

B. WESTERN FRONTIER OF POLAND.

In conformity with the agreement on Poland reached at the Crimea Conference the three Heads of Government have sought the opinion of the Polish Provisional Government of National Unity in regard to the accession of territory in the north 'end west which Poland should receive. The President of the National Council of Poland and members of the Polish Provisional Government of National Unity have been received at the Conference and have fully presented their views. The three Heads of Government reaffirm their opinion that the final delimitation of the western frontier of Poland should await the peace settlement.

The three Heads of Government agree that, pending the final determination of Poland's western frontier, the former German territories east of a line running from the Baltic Sea immediately west of Swinamunde, and thence along the Oder River to the confluence of the western Neisse River and along the Western Neisse to the Czechoslovak frontier, including that portion of East Prussia not placed under the administration of the Union of Soviet Socialist Republics in accordance with the understanding reached at this conference and including the area of the former free city of Danzig, shall be under the administration of the Polish State and for such purposes should not be considered as part of the Soviet zone of occupation in Germany.

XII. ORDERLY TRANSFER OF GERMAN POPULATIONS.

The Three Governments, having considered the question in all its aspects, recognize that the transfer to Germany of German populations, or elements thereof, remaining in Poland, Czechoslovakia and Hungary, will have to be undertaken. They agree that any transfers that take place should be effected in an orderly and humane manner.

Since the influx of a large number of Germans into Germany would increase the burden already resting on the occupying authorities, they consider that the Control Council in Germany should in the first instance examine the problem, with special regard to the question of the equitable distribution of these Germans among the several zones of occupation. They are accordingly instructing their respective representatives on the Control Council to report to their

Governments as soon as possible the extent to which such persons have already entered Germany from Poland, Czechoslovakia and Hungary, to submit an estimate of the time and rate at which further transfers could be carried out having regard to the present situation in Germany.

The Czechoslovak Government, the Polish Provisional Government and the Control Council in Hungary are at the same time being informed of the above and are being requested meanwhile to suspend further expulsions pending an examination by the Governments concerned of the report from their representatives on the Control Council.

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